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HUAN XIANG SURVEYS WORLD ECONOMIC SITUATION

HK101231 Beijing SHIJIE ZHISHI in Chinese No 3, 1 Feb 86 pp 2-6

[Article by HUAN XIANG: "The Present Economic Situation in the World"]

[Text] Editor's note: With Comrade Huan Xiang's approval, we publish here excerpts of his speech delivered at a forum. [end editor's note]

At present, the economy of various countries has become increasingly internationalized. The economy of each and every country is closely linked and bound up with the world economy. Therefore, it is now a very important task for us to have a profound understanding of the world economic situation and its development trends so that we can generalize some laws of development and draw on some useful experiences. This will be beneficial to our formulating correct economic policy to ensure smooth implementation of the Seventh 5-Year Plan, and acceleration of the accomplishment of the four modernizations program.

I intend to divide my topic into three parts in the discussion of the world economic situation: 1) economy of the West; 2) the Soviet economy; and 3) common trends in the world economy. I will put Third World economy temporarily under the heading of the capitalist economic system, because the Third World economy is closely and profoundly related to capitalism, and the comparative economic strength of Third World countries is weak.

Western Economy Is at a Stage of Long-term Recession

Let me talk about the Western economy first. I believe that it has not yet freed itself from the stage of depression. Shortly after the war, the Western capitalist economy entered a period of revival (The United States did so a bit earlier), and in the mid-1950's it entered a period of long-term development. This period lasted about 20 years, and ended in 1973. All capitalist countries developed during this period. In Western Europe, the EEC was established in 1958. More than 10 years after that, great changes took place in the economy of Europe. From the late 1950's to the late 1960's, Japan spent 10 years developing. As early as the late 1960's, Japan had already laid a foundation for its development. The so-called "four tigers in Asia," namely Hong Kong, South Korea, Singapore, and our country's Taiwan province, also developed during that period.

The economic crisis, that broke out in 1973 was turning point. Thereafter, Western capitalist economy entered a period of long-term recession, which can also be called a period of long-term depression. This period has lasted more than 10 years, and is not yet over. I believe that this recession might possibly continue until the end of this century. I have expressed the view at home on several occasions. Some economists both at home and abroad do not agree with my view. They say that they accept the view of long-term development, but not the idea on long-term recession.

What I mean by long-term recession is that the Western capitalist economy will not decline continuously, but it will sometimes rise and sometimes fall. When it rises, it will not progress at such a high speed as that of the 1960's. During the 1960's, the annual growth rate of the Japanese GNP was more than 10 percent, that of West Germany was more than 8 percent, and that of the United States was 5-6 percent. When it falls, it will not be as serious as the great depression of the 1930's, because the characteristics of the times are different.

During the 1930's, there was no, or very limited government interference. Today, all governments take steps to intervene. Government interference in Western countries is more effective and drastic than is ours. They use economic levers to interfere with or readjust their economic development, such as adjusting bank interest rates and tax, taking from the fat to pad the lean, taking from those trades which have a surplus and giving to those which have a shortage, and so on. All these are "clever" methods. It is precisely because of these methods that the Western economy has grown from 1975 to the present at a low speed as a whole, although it is in a period of long-term recession. In other words, the annual growth rate is about 3 percent (3-5 percent is regarded as a medium speed, whereas more than 5 percent is regarded as high speed). Of course, the economy of a small number of countries is growing at a medium speed. For example, the annual growth rates of Japan and West Germany are 4-5 percent. At some time in the future, let's say, 5 to 10 years, I expect that the economy of the capitalist world will still grow at a low speed. The average growth rate of most countries is 2-3 percent. It is good enough if Japan and West Germany can develop at a speed of 4 percent. The United States can probably develop at a speed of about 3 percent.

Such being the case, why did the U.S. economy develop so rapidly in 1984 (6.6 percent)? I think there are two main reasons for such rapid growth: 1) granting big loans and providing enterprises with loan capital for their own development; 2) a lower savings rate among Americans. The savings rate dropped by 20 percent in 1984. In so doing, some money went to consumption, and demand was thus expanded. On the one hand, production was stimulated by the expansion of demand. On the other hand, investment was attracted and production developed by tightening money supply and increasing the exchange rate of the dollar and bank interest rates. In other words, Keynesian financial policy was combined with a monetary policy based on supply-side economics and monetarism. A few years ago, such U.S. economic theory was effective. Demand expanded without touching off inflation. In the process of expanding demand, the United States did a lot of things. For example, it spent a lot of money on arms expansion. It spent a lot of money without issuing more bank notes. Where did the money come from? The money came from attracting both internal and foreign capital.

Why did foreign capital flow into the United States? Because: 1) The economic scale of the United States was great, its economic strength was powerful, and its economic capacity was big enough. Its foreign trade volume can be as high as \$500 - 600 billion a year. A large portion of the commodities produced by capitalist countries are sold in the United States. 2) The United States is politically stable. There is little or no fluctuation in the country. 3) The United States is militarily powerful and the capitalist world has regarded it as an umbrella. Foreign capital trusts the United States because of all this. High exchange rates and high interest rates for the greenback have enabled foreign commodities to enter the U.S. market easily. Foreign capital can make a profit in the United States. "People vie with one another to go to a place where profits can be reaped." In 1983, \$100 billion of foreign capital flowed into the United States. In 1984, it increased to \$150 billion, and in 1985 it might be as high as \$300 billion.

"Things will develop in the opposite direction when they become extreme." The above-mentioned policy of the United States is now on the decline. Because the United States is up to its ears in debt and bearing a heavy burden, it does not dare to incur more debts. Internal capital turns to the money market and stock market rather than to industry because of high interest rates. This will adversely affect the healthy development of the economy. The prices of U.S. commodities have increased because of high exchange rates. Foreign goods are cheap, and have entered the United States in large quantities. Americans buy foreign goods rather than American goods, so foreign trade deficits are getting bigger and bigger.

With the passing of time, more and more defects in the U.S. economy have been exposed. It seems that the situation is far from good. In the years to come, it will be difficult for the United States to achieve such rapid economic growth as that of 1984.

The Western Economy Is Facing Four Major Problems

1. The problem of economic readjustment. First, the readjustment of economic policy. Although high exchange rates and high interest rates for the greenback are effective over a period in absorbing foreign capital and stimulating economic development, the United States itself has become a pure debtor nation. Its foreign debts are as high as \$1,000 billion, and its internal debts have also greatly increased. Not long ago, the U.S. Congress increased its debt ceiling from \$1,000 billion to \$1,500 billion. The United States is heavily in debt because of the policy of high exchange rates and high interest rates, and its economy has been greatly affected by all this. It is compelled to readjust this policy. However, in doing so, the United States will encounter many problems. For example, forcing down the exchange rate of the dollar will not work if the margin is too big. However, if the margin is too small, it will not be useful. If drastic steps are taken, financial circles will be unable to cope. If the step is too small, there will be more and more problems. The Western nations have proposed a method of "soft landing," gradually reducing the exchange rate 20 percent over about 5 years. However, there will also be difficulties in employing this method. Great efforts were made by the conference of the financial ministers of the five countries in order to slightly reduce the exchange rate. It increased again not long after that. If the exchange rate is drastically reduced, those holding large amounts of dollars will suffer great losses. Therefore, such a move is not appropriate.

Second, the readjustment of industrial set-ups. Traditional U.S. industries such as iron and steel, shipbuilding, textiles and so on should be cut down. Some of these industries should be transferred to other sections. New industries should be increased. The purpose in working out a strategic defense program is to expand new industries, such as laser, fiber optics, microcomputers, intelligent robots, and so on. This program has been developing very quickly. It was originally expected that the first phase of the program would be completed in 10 years. It is now estimated that the first phase will be accomplished in 5 to 6 years. It was originally expected that the second phase of the program would be completed in 10 to 15 years. It is now estimated to take less than that. The reason Reagan was quite firm in his stand on the Strategic Defense Initiative [SDI] at last year's U.S.-Soviet summit meeting was that he was sure of success. The readjustment of industrial set-ups will inevitably affect the readjustment of the investment patterns and the structure of supply.

Third, the readjustment of international economic relations. The Strategic Defense Initiative has caused a readjustment in international economic relations. The United States has asked the developed capitalist countries to participate in SDI and wants them to become its contractors. Many countries are dissatisfied with this. After a long struggle and consultation, Britain was the first to state that it was willing to participate in the program. France is still considering the matter. West Germany does not want to clearly state that its government will commit itself to the program, but West German enterprises may make their own decision on whether or not to participate. One of the purposes of the developed capitalist countries in participating in the program is to obtain information on the development of new technologies and industries so that they will not lag behind in the future.

2. The problem of trade protectionism. At present, trade protectionism is increasing. Textile products and light industrial products (such as shoes) are most affected by it. As far as the United States and Western Europe are concerned, trade protectionism has involved agricultural products. The problem of high technology exists between the United States and Japan. Trade protectionism runs counter to the international economic order established by GATT and other organizations set up after the war. Although the United States is talking glibly about free trade, trade protectionist feeling is running high at home. This has been reflected in Congress' approval of the Jenkin's Bill. However, trade protectionism also harms the interests of the United States. It harms the interests of the importers and consumers. If other countries adopt retaliatory measures, the interests of some U.S. exporters will also be affected. There is an acute struggle between those who favor and those who oppose the Jenkin's Bill in the United States. President Reagan has been compelled to veto the bill. I am afraid that Congress will continue to concoct trade protectionist bills similar to the Jenkin's Bill in the future. Can all those bills be defeated? That depends. For example, it depends on whether some unemployed workers will get jobs after the establishment of new industries following the implementation of the strategic defense program. In a word, under conditions where various countries are vying with each other in encouraging exports and restricting imports, it is difficult to solve the problem of trade protectionism.

3. The problem of debts. It is appropriate to say that this problem has now reached a perilous stage. Developing countries are heavily in debt. Let me give you a casual example. Argentina has to use 90 percent of its revenue from exports to pay its debts. Similar things have also happened to many debtor nations. Under such circumstances, how can they develop themselves? At present, developing countries are considering counter-measures. Some of them propose to unite in refusing to pay the debts. Most debtor nations think that they should pay their debts, but there must be a limit in order to ensure their survival and minimal development. If this principle is followed, the amount of debts the debtor nations can pay will be limited to 10 percent of their export revenue. If this happens, many big U.S. banks will go under. Some 50 big U.S. banks have closed down. Last year more than 140 banks and trust companies went bankrupt. The year before last, more than 80 banks and trust companies closed down. With the interests of creditor nations being jeopardized by the problem of debts, the United States proposed a "Baker Plan," which would earmark \$29 billion for new credit to ease the debt crisis. However, compared with colossal debts of \$1,000 billion owed by developing countries, such a small amount of new credit means nothing at all. Can it solve the problem significantly? In a word, the problem of debts involves not only the developing nations, but also developed nations. It has become a political problem rather than a mere financial one. I am afraid that this problem cannot be significantly solved in the foreseeable future.

4. The problem of international finance. The fluctuation in the price of the dollar, as an international currency, has bred a crisis in the international monetary market. After the war, the dollar followed a fixed exchange rate system for a long time (\$35 was equal to an ounce of gold, and other currencies were also pegged to the dollar). This system could no longer be pursued later due to the devaluation of the dollar. A floating exchange rate system has been in effect since 1972, and the dollar has fluctuated greatly. When people are doing business, they have to consider the change in exchange rates, because it will affect the stability of the economy. In recent years, the exchange rate of the dollar has been artificially raised. It is apparently stable, but actually there is a latent crisis. We do not know when the exchange rate will suddenly drop. Then there could be fierce chaos on the international financial market. In the past, most Arab oil dollars flowed into the United States and were used to buy real estate and bonds.

Now there are signs that they are seeking another way out. This shows that world confidence in the dollar has weakened. To prevent sudden financial disaster, in recent years, people have talked a lot about the establishment of an international monetary standard to counter the defects of the floating exchange rate. The currencies of all countries would be pegged to such a monetary standard so that exchange rates would be fixed. Some people propose the restoration of the gold standard. Some other people suggest that the IMF's special drawing rights be turned into international currency. There are so many contradictory views that it is difficult to decide which is right. Therefore, the best method has yet to be devised.

In the short term the dollar is still the internationally recognized currency for settling accounts and reserves. However, in the long run, the dollar will drop. At present, many countries are taking precautions against such a contingency.

There are some other major issues connected with the above-mentioned problems, such as South-South cooperation, North-South dialogue, assisting developing countries to develop their economies -- an economic problem of a political nature -- establishing a new international economic order, and so on. Besides, there are problems of resources and population, and so on. As time is limited, I will not deal with them here.

There Are Indications That Japan and the United States Are Scrambling for Economic Supremacy

There are changes marking the growth and decline of the economic power of the capitalist countries. The United States is still economically one of the world's most powerful countries. However, it has lost its dominant position, and is no longer the only locomotive pulling along the world economy. The economic power of Japan and West Germany has also developed considerably. Some people call them and the United States the three locomotives. It seems that Japan is striving to compete with the United States in the scramble for economic supremacy.

What changes will take place in the economic power of the United States in the future? Three predictions have been made with regard to the economic future of the United States: 1) There will be a revival, and growth rates will be restored to 4 percent. 2) There will be a continuous recession, and it will be good enough if a 2 percent growth rate can be achieved. Besides, a big recession might last a fairly long time. 3) The U.S. economy is really at a stage of long-term recession, but growth rates will not be lower than 2 percent. I believe that the third prediction is the more accurate. The United States still has power to sustain its economic development. It has invested less in traditional industries, but more in the new industries. The traditional industries are carrying out technical reform. In the course of reforming the old and establishing the new, industrial investment is stable as a whole. There is no indication that investment funds have turned to the stock market. The unemployment rate in the United States has dropped to 7 percent from the previous 10 percent.

Recently, the U.S. electronics industry has been in a state of depression. But this is only a transient phenomenon. The computer industry is being renewed and updated. New inventions are being produced every 3 or 4 years. Automation is developing in many countries. Computers are still in great demand, and the microelectronics industry is still promising. Other industries are in the ascendant. U.S. industry is mainly based on new industry. Although financial deficits and military spending have increased, the U.S. inflation rate is less than 4 percent. Low inflation is beneficial to economic development. There is a view prevalent in the United States that inflation within 5 percent is rational, but it must be put under control.

Therefore, in the coming 5 years, whether the U.S. economy declines or revives, the scope will be limited, and will not last long. But the cycle might be shortened.

Japan's economy is the most successful in the capitalist world. Japanese commodities have got a firm foothold on the world market. It is expected that its trade surplus in 1985 will be as high as \$50 billion. Japanese are good at business -- their policy is aimed at serving consumers. They try to every possible means to serve consumers, constantly improve products and designs, and manufacture new products. This slogan is better than the slogan of "serving producers." Everyone in the world is a consumer. Producers are also consumers. The Japanese have done more outstanding work in taking heed of the interests of consumers. Of course, their purpose in doing so is to make more money. But they do everything possible for the consumers. Should we not learn from them in this regard?

Japan has made a lot money, and its economic power is expanding. At present, it has openly stated its intention of building Tokyo into an international financial center the equal of New York and London. This is quite an aggressive move. Japan has twice made such a proposal. The first time was in 1918, and the second time in 1931. The project did not materialize for various reasons. Present conditions differ from those of the past. Now, it has advanced communication equipment and facilities, different kinds of senior and middle ranking technical personnel, a high-level labor force and abundant funds. Its assets abroad rank third in the world, and second only to the United States and the United Kingdom. Last year, it could have ranked second. It will rank first and surpass the United States in 3 years or so. Japan has officially proposed a plan to establish a yen zone with the pan-Pacific region as a supporting point. If such a plan materializes, the U.S. economic position in the pan-Pacific region will decline. Hong Kong, Singapore, and other areas will be greatly affected by this, or even become appendages of a Tokyo financial center. This is a problem that should be studied conscientiously.

The situation in Western Europe has also improved markedly. Politically, Western Europe needs solidarity, and militarily it has restored the West European alliance. It has formulated the Eureka plan for science and technology. Economically, it has readjusted its policy. The unity of Western Europe is developing step by step. All these are good things. Generally speaking, Western Europe is in the ascendant. But it still lags behind Japan.

The Asia and Pacific region, ASEAN, South Korea, and Taiwan province rely on the United States too heavily, and 47-48 percent of their exports depend on the U.S. market. They will catch cold if the United States sneezes. At present, they are seeking another way out. Some of them intend to promote high technology, but do not stand a good chance of success. If the situation in the United States is not so good in 1986, those countries in the Asia and Pacific region that rely on the United States will not be in a good way either.

Reform in the Soviet Union Is Restricted by Internal and External Conditions.

Now let me talk about the problem of economic reform in the Soviet Union. There are several characteristics of the new program (draft) of the CPSU which merit our attention:

1. The new program defines the Soviet Union as now at a historical stage of "perfect socialism." This formulation is different from those in the past. I do not intend to mention things which happened a long time ago. During Khrushchev's era, it was stated that the Soviet Union was at a "stage of carrying out an all-round construction of a communist society," and that in 1980 the Soviet Union would surpass the United States in GNP.

During the Brezhnev era, it was defined that the Soviet Union was building "developed socialism." Under Andropov, it was stressed that the Soviet Union was at a stage of "all-round developed and perfect socialism." However, in the present new program, the adjective "developed" is dropped.

2. The new program emphasizes the urgency of economic reform. I think that one of reasons compelling the Soviet Union to do this is that it has been stimulated by the U.S. Strategic Defense Initiative. How can the Soviet Union compete with the United States without shaking off the yoke on its back? The achievements of other countries in reform also stimulate the Soviet Union to further efforts.

3. The Soviet Union is reappraising the world situation. It held in the past that capitalism would die out soon, and that it was comparatively easy to win a victory in world revolution. Now the Soviet Union has changed this view, and maintains that capitalist countries are still capable of adapting themselves to the changes taking place day after day. Although capitalism will eventually be replaced by socialism it still has vitality now. Soviet scholars do not negate this.

4. The Soviet Union also holds that it is not necessary to rely on violence to realize socialism. This view merits our attention.

5. The new program expounds the necessity of reform.

The growth rate of the Soviet national economy has declined continuously. The growth rate in 1966 was 7 percent. It dropped again to 3.9 percent in 1980, and 2 percent in 1982. In 1983 when Andropov was in power, he curbed the downward trend. When Chernenko was in power, he kept the growth rate at 2 percent. Under such circumstances, how could the Soviet Union compete with the United States? Lenin pointed out that the superiority of socialism lay in the fact that it could raise labor productivity higher than that of capitalism. Now the Soviet Union has admitted that its labor productivity is only 45 percent that of the United States.

The development of SDI is a challenge to the Soviet Union in terms of science and technology. The Soviet Union has to try hard to catch up. Its present economic system has failed to keep abreast with the demands of the present situation. All this has shown that reform brooks no delay.

How should the reform be carried out? According to the Soviet plan for reform, there are two basic things to be done: 1) Develop science and technology; 2) reform the existing economic system.

With regard to the reform of the economic system, they propose a number of methods. They are making explorations in the course of reform. They are following a collective responsibility system in agriculture. In industry, they are expanding decision-making power of enterprises, changing the functions of government departments and reducing the layers of administration, and implementing mandatory planning. They are also paying attention to the following problems: 1) Making full use of natural resources, such as the consumption of energy raw materials, and so on. 2) Renewing products. The designs of some Soviet products are kept unchanged for many years. This is a very serious problem. Some people abroad say sarcastically: "Soviet satellites can go up, but the shoes they produce cannot touch the ground: Because the styles of their shoes are old, they do not sell well. They are put on the shelves of warehouses, and never touch ground. Therefore, the Soviets should grasp the work of renewing their products. 3) Developing horizontal links of various departments. 4) Readjusting the ratio of agriculture, light industry and heavy industry so that a proportionate development can be achieved. 5) Strengthening and improving management. All this is being carried out. But actual results still remain to be seen.

Judging from the present situation, we know that economic reform in the Soviet Union is still restricted to a certain extent. First, it is restricted by internal conditions. After assuming power, Gorbachev took rapid measures to carry out extensive personnel changes. Whether the new leading body is efficient remains to be proved in practice. Some old leading bodies have not yet been touched. A great number of cadres are influenced by bad customs and habits formed a long time ago, and pursue outmoded ideological and working methods. It is not easy to carry out reform.

Without a great number of cadres who can keep pace with reform, it will be difficult to make achievements. Over the past 20 years, the Soviet Union carried out many reforms, but the results were not great. The Soviets seemed to be going around in circles, without making significant progress. The present reform has strength and impetus, but the results remain to be seen. Besides, reform in the Soviet Union is restricted by international conditions. Confronted with the menacing program of the United States, the Soviet Union is also engaged in its own strategic defense program in order to contend for hegemony. Since its financial capacity, manpower and financial resources are scattered, its reform is restricted. Apart from all these, reform is also restricted by its theories. The theories the Soviet Union is pursuing in reform still negate commodity economy and the role of market mechanism. In the meantime, it has persisted in the management system characterized by the centralization of the power of the central authorities. All these theories cannot but adversely affect the practice of reform.

The Common Trends of the World Economy

Generally speaking, the economy of various countries is now in the course of being readjusted. Although they employ different methods, they share a common characteristic of developing economy by intension, and paying attention to the development of science and technology. In the future, the development of science and technology will become the most important factor determining economic development. In the past, policy determined the development of science and technology. Now the development of science and technology plays a role in promoting the economic and political changes of states. Various countries in the world, sooner or later, will give first priority to the development of science and technology. The so-called science and technology include technology, natural, and social sciences. Social sciences explore and predict some problems; discover social, political and economic laws; and improve the management and administration of enterprises. They are important and indispensable sciences. We should not forget this when we are talking about the role of science and technology.

It is a common trend of the world economy to take science and technology as a lever and develop economy by intension. Of course, this should also be the direction of our economic development.

U.S. CRITICIZED FOR INTERFERENCE IN SOUTH KOREA

OW121826 Beijing XINHUA in English 1543 GMT 12 Mar 86

[Text] Pyongyang, March 12 (XINHUA) -- The Korean paper NODONG SIMMUN in a commentary today urged the United States not to hold back the democratic movement in South Korea. The paper condemned the United States for backing the South Korean authorities in suppressing the massive movement for constitutional revision launched by the opposition parties and other democratic groups.

The movement which is gaining momentum in South Korea began February 12 in Seoul. It was initiated by the New Korea Democratic Party and other opposition parties and aimed at changing the indirect presidential election to a direct one, the article added. The commentary urged the United States to halt its interference and do something useful for the realization of democracy in South Korea.

DPRK CONFERS MEDALS ON PRC RADIO, TV DELEGATION

OW130421 Beijing Domestic Service in Mandarin 1200 GMT 11 Mar 86

[Text] According to a XINHUA report from Pyongyang, Yim Chun-chu, vice president of the DPRK, conferred medals on members of a Chinese radio and TV delegation today.

After reading a decree of the Korean Central People's Committee, which was signed by Kim Il-song, Yim Chun-chu conferred a first-class friendship medal on Ai Zhisheng, minister of radio and television and leader of the delegation, and second-class friendship medals and friendship medals on other members of the delegation. Afterwards, Yim Chun-chu had a cordial talk with the delegation.

WAN LI, HU QILI MEET JAPANESE VISITORS 12 MARCH

OW121812 Beijing XINHUA in English 1501 GMT 12 Mar 86

[Text] Beijing, March 12 (XINHUA) -- Chinese Vice-Premier Wan Li and member of the Political Bureau of the Chinese Communist Party Central Committee Hu Qili met Yukio Torii, former director of the Japan's Kobe Port Office, and other advisors here this afternoon.

Invited as a senior advisor to Tianjin Harbor in 1984, Torii has helped the harbor draw up development plans. Both Wan and Hu thanked Torii and his colleagues for their efforts to upgrade Tianjin Harbor.

LIAOWANG ON 'PEACEFUL CHANGE' IN PHILIPPINES

HK121202 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 10, 10 Mar 86 pp 30-32

["Special Dispatch" from Manila by contributing correspondent Chen Jiayong: "A Peaceful Change of Political Power in the Philippines"]

[Text] Confronted with a political storm in the wake of the presidential election, former President Ferdinand Marcos, who had ruled the Philippines for more than 20 years, finally stepped down and left the country. With Mrs Corazon Aquino as president, a peaceful change of political power has been effected.

The downfall of Marcos was an outcome of the growing popular dissatisfaction over his long rule while the assassination of former opposition party leader Benigno Aquino in August 1983 was a turning point in the rapid decline of the Marcos regime. Over the past 2 years, the people have publicly expressed their strong dissatisfaction. They often held mass demonstrations and other protest activities in Manila and other places. The country was in turmoil.

The political crisis also brought an economic crisis in its wake. In 1984 and 1985 the Philippine GNP registered a negative growth rate for 2 consecutive years. With the industrial and agricultural production and foreign trade getting worse year by year, the number of unemployed and under employed increased, the living standards of the people constantly dropped, and the various social contradictions became more acute. Boiling with resentment, the people longed for change. It was under these circumstances that Marcos was forced to announce last November the holding of an early presidential election.

Election Hastens Marcos Demise

Several days after the general election, Marcos held a press conference in the presidential palace. When asked what he considered to be his greatest mistake in the general election, he inadvertently made a sincere remark: "My greatest mistake was holding an early general election." Indeed, he perhaps never dreamed that less than 20 days after the general election he would not only lose the presidency but also have to flee in panic.

By relying on his long control over the country, Marcos could normally have been relatively certain of winning the election and stabilizing the political situation. However, things went contrary to his wishes. The general election not only failed to achieve the objective of stabilizing the political situation but also further intensified the domestic contradictions. On the eve of the election, the opposition parties which had long been rent by disunity, unexpectedly united and put forth a joint ticket of presidential and vice presidential candidates. Although Mrs Aquino hastily decided to run and failed to put forth a clear-cut campaign program, she won popular support during the election campaign lasting nearly 2 months. It was clear with whom popular sympathy lay. Seeing itself in an unfavorable position, the ruling party committed a election fraud seldom seen before. Later, the Batasan under its control forcibly passed the decision that Marcos had been elected. This aroused the indignation of the masses. The Catholic Bishops Conference also issued an open letter strongly denouncing the flagrantly fraudulent election. There was also a strong reaction at home and abroad. Thus, Marcos landed in a predicament of unprecedented isolation at home and abroad, which accelerated the disintegration within the ruling party and the army.

On 22 February, several hours after U.S. presidential envoy Philip Habib left Manila, Philippine Defense Minister Juan Ponce Enrile and Armed Forces Deputy Chief of Staff Fidel Ramos announced their break with the Marcos government and their participation in the opposition camp.

The action taken by the two important officials under Marcos effected a radical change in the situation. The Marcos regime rapidly disintegrated.

People Long for Change

Marcos was driven out of power by peaceful means and without large-scale bloody conflict. This enabled most Filipinos to heave a sigh of relief. The people of various strata had really been fairly extensively mobilized in the course of this struggle. Some of the mass meetings held by the opposition party during the election campaign and after the election were attended by as many as 1 million people. It can thus be seen that the election campaign activities fully demonstrated Filipino people's wish for a change.

Not only the opposition party but also the Catholic Church played a role in organizing the masses. The Philippines is the only Catholic state in Asia. Some 85 percent of its population are Catholics. In the numerous antigovernment demonstrations over the past 2 years and more, the clergy was often seen walking in the front ranks of the processions. The "Veritas" broadcasting station, belonging to the church, constantly criticized and exposed the Marcos government. In the course of overthrowing the Marcos rule, it also played an important role as an agitator and an organizer.

After Enrile and Ramos announced their break with the Marcos government, Marcos planned to launch an armed attack to destroy the two neighboring camps at the Defense Ministry and the headquarters of the Philippine Constabulary. On 23 February a number of heavy tanks and armored personnel carriers loaded with soldiers approached the above-mentioned strongholds but they were stopped on the way by tens of thousands of bare-handed people. This crowd included people from all walks of life and even some Catholic nuns. Sitting down on the road on which the tanks were advancing, they would not let the troops pass. This action also moved some government officers and soldiers. At last, they could only give up the attack and withdraw. Thousands upon thousands of people also took turns guarding the military camps 24 hours a day. They delivered drinking water and food to support the troops of both Enrile and Ramos, thus greatly boosting their morale.

It was in those 2 days that a large number of officers and soldiers turned in their guns and went over to the opposition. Officials of many government departments also proclaimed their support for Mrs Aquino. By this time, opposed by the masses, deserted by his followers, and utterly isolated, Marcos was no longer able to reverse the defeat.

United States' Crucial Role

Having a hand from beginning to end in the change of political power in the Philippines, the United States played a very important role. According to a newspaper report, it was U.S. President Reagan who proposed an early election to Marcos. Marcos was reelected in 1981. According to the stipulations of the Philippine Constitution, his term of office would expire in 1987. Although the Philippine opposition faction repeatedly demanded an early general election, it was invariably rejected by Marcos. The caucus of the ruling party also supported Marcos' decision. It was not until President Reagan's special envoy Paul Laxalt visited the Philippines last year that Marcos suddenly announced an early general election.

The two biggest U.S. military bases overseas, namely, Clark Air Base and the Subic Bay Naval Base, are in the Philippines. How to stabilize the Philippine situation and thus preserve the two bases has always been an important link in the U.S. global strategy. The United States held that the turbulent political situation in the Philippines would pose a direct threat to the existence of these two bases. Washington urgently hoped to change the confused situation in the Philippines. It was precisely out of this consideration that the United States approved of an early election.

It was also out of this consideration that the United States was ready to continuously support Marcos after the general election. But the public indignation roused by the election fraud and the constant growth of the antigovernment forces could not but make the United States change its mind and publicly call on Marcos to step down. It was precisely under strong U.S. pressure that Marcos had no alternative but to agree to give up the use of force and to relinquish his power peacefully. At the last moment, the United States dispatched aircraft to fetch him to the United States. In the meantime, the United States was also one of the first to express support for the new Philippine Government. The crucial role of the United States in the Philippine situation can be clearly noticed from the drastic change in the political situation.

New Government Faces Challenges

Mrs Aquino controls the national government and a new cabinet has been formed. The new government has announced a series of measures to reassure the public. It began freeing a large number of political prisoners on 27 February. Next, Mrs Aquino announced the retirement of 23 generals who had passed their service terms. She also pledged to abolish corruption and bribery and to prevent military and government personnel from abusing their power. These measures have presented people with a new appearance.

Internationally, the United States, Japan, and some other countries have expressed their willingness to provide the Philippines with loans in a vigorous effort to help the Philippines to rebuild its economy. The other ASEAN countries have also indicated their readiness to strengthen cooperation with the new Philippine regime. Soon after the formation of the new government, the Philippine stock market and the specific value of the peso against the U.S. dollar picked up.

However, the former regime has left behind an awful mess piled up with problems. Can the devastated economy be rejuvenated? Can all political parties and groups, the government, and the Army preserve their unity? Will the pro-Marcos forces be willing to cooperate with the new government? Can some eager aspirations of the masses be turned to reality? It will be hard to solve all these knotty problems in the near future. To attain the objective of completely stabilizing the political situation, the new Philippine regime obviously has to shoulder heavy responsibilities.

BURMESE PRIME MINISTER ON RELATIONS WITH PRC

OW121854 Beijing XINHUA in English 1643 GMT 12 Mar 86

[Text] Rangoon, March 12 (XINHUA) -- Prime Minister U Maung Maung Kha said here today that the good-neighborliness between Burma and China would be strengthened and the trade between Burma and Yunnan Province of China developed. The prime minister made the remarks when he met the visiting governor of Yunnan Province of China He Zhiqiang this afternoon.

He Zhiqiang led a ten-member delegation of the province and arrived here this afternoon at the invitation of the Burmese Government for an eight-day goodwill visit.

PRC-AUSTRALIAN CULTURAL EXCHANGES INCREASE

OW121658 Beijing XINHUA in English 1446 GMT 12 Mar 86

[Text] Canberra, March 12 (XINHUA) -- Visiting Chinese Cultural Minister Zhu Muzhi and Australian Minister for Arts, Heritage and Environment Barry Cohen reviewed here today the progress of the Sino-Australian cultural relationship with satisfaction. Over the past five years, there were 395 items of cultural exchanges between the two countries.

In Australia, China's entombed warriors (of the Qin Dynasty) exhibition and performances of the acrobatic troupes and Peking Opera were appreciated by the Australian people.

In China, Australia's century-old oil paintings exposition, the performances of Sydney dance ensemble and the Queensland Youth Symphony were also welcomed by the Chinese people.

Last year alone, there were 156 items of cultural exchanges between the two countries, nearly double the number in 1984. Cohen, who visited China in 1984, said that he was pleased to see China's remarkable reform and progress in the cultural and art fields. He expressed his wish that China would send an artistic troupe to take part in Australia's bicentenary celebration in 1988.

Zhu Muzhi replied that China would be very glad to send an artistic troupe to join the bicentenary celebration. He noted that the strengthening of the cultural interflow will certainly promote understanding between the two peoples. The five-member Chinese cultural delegation led by Zhu is now on a 12-day visit to this country.

AQUINO DEFERS PROCLAIMING REVOLUTIONARY GOVERNMENT

OW121238 Beijing XINHUA in English 1230 GMT 12 Mar 86

[Text] Manila, March 12 (XINHUA) -- President Corazon Aquino and her cabinet today decided to defer action on the proposal of proclaiming a revolutionary government. Instead, they created a five-man committee to make a further study on the proposal. Today's cabinet meeting is the first since the establishment of the Aquino government with 16 ministers and deputy ministers attending. Heated debate is now going on in the country on whether or not to declare the new government a revolutionary one.

Justice Minister Neptali Gonzales, head of the newly-formed committee, said after the cabinet meeting that the cabinet favors the declaration of a revolutionary government and the committee will study the transition from a revolutionary government to a constitutional one. Pending the outcome of the study of the special committee, the justice minister said, no formal announcement will be made in this regard.

Other members of the special committee are Vice-President and Foreign Minister Salvador Laurel, chairman of the Presidential Commission on Government Reorganization Luis Villafuerte, Political Affairs Minister Antonio Cuenco and Executive Secretary Joker Arroyo.

The cabinet meeting also created another committee to study the holding of local elections. Presidential spokesman Rene Saguisag said in a news briefing that the president had indicated that she favored the disqualification of those appointed as officers-in-charge from aspiring for an elective post in the coming elections.

Saguisag said the cabinet meetings are scheduled every Wednesday.

PHILIPPINES SEEKS TO RECOVER MARCOS ASSETS

OW121320 Beijing XINHUA in English 1257 GMT 12 Mar 86

[Text] Manila, March 12 (XINHUA) -- Chairman of the Presidential Commission on good government Jovito Salonga today left for the United States to talk to state department officials and ask U.S. courts for the return of what he considered illegally acquired wealth of deposed President Marcos.

Press reports here said documents seized from the presidential palace showed that Marcos and his family put away illegally an estimated 10 billion U.S. dollars in cash and property -- equivalent to more than one third of the country's foreign debt.

Salonga will brief U.S. officials concerning the current efforts of President Corazon Aquino's government to secure the reported ill-gotten wealth of Marcos. Salonga will also proceed to New York to ask U.S. courts to recover the wealth. The Philippine Government has filed claims before courts in New York, New Jersey and Honolulu for the recovery of millions of dollars of properties acquired by Marcos there. Salonga said the success of the cases will depend on the U.S. courts.

PHILIPPINE PARLIAMENTARIANS ORDERED ARRESTED

OW111620 Beijing XINHUA in English 1613 GMT 11 Mar 86

[Text] Manila, March 11 (XINHUA) -- Defense Minister Juan Ponce Enrile today ordered to arrest two members of parliament of the majority party, New Society Movement, for investigation, the PHILIPPINE NEWS AGENCY reported. The two were Orlando Dulay of Quirino Province and Arturo Pacificador of Antique Province.

Pacificador was alleged in connection with the killing of former Antique Governor Evelino Javier last month. He was also implicated in the massacre of seven persons and wounding of several others in Antique on the eve of the May 14, 1984 National Assembly elections. Pacificador was said to have wielded substantial political influence during the Marcos administration and tried to leave the country shortly after the downfall of the Marcos regime but was barred. He was reported to have gone into hiding and the military has launched a nationwide hunt.

Dulay was allegedly terrorizing residents of Quirino Province.

Enrile also directed that Dulay be investigated for alleged cases of murder and kidnapping committed by his henchmen in the last election.

AUSTRALIA OFFERS TO DOUBLE AID TO PHILIPPINES

HK130639 Beijing International Service in Tagalog 1130 GMT 12 Mar 86

[Text] Australia will double its aid to the Philippines which will amount to 17.5 million U.S. dollars. A presidential press release said yesterday that visiting Australian Foreign Minister Bill Hayden made the pledge in a meeting with Philippine President Corazon Aquino at Malacanang. Hayden said that Australia will send specialist teams to the Philippines in the near future to look into aid allocation. He also told Mrs Aquino that an international committee is now being formed to monitor the flow of aid to the country for proper coordination.

CORRECTION TO DEVELOPMENTS IN PHILIPPINES

Due to printing error, the following items were omitted from the 11 March China DAILY REPORT, page E 2:

Release of Sison

HK070655 Beijing International Service in Tagalog 1130 GMT 6 Mar 86

[Text] The government of President Corazon Aquino yesterday released the former chairman of the Communist Party of the Philippines Jose Sison and the former Commander in Chief of the New People's Army Bernabe Buscayno and two other political prisoners. Five hundred and seventeen political prisoners in all have been released by President Aquino's government.

According to a presidential spokesman at a press conference, the detainees were released after a meeting of the committee on detainees which was composed of former Senator Jovito Salonga, Defense Minister Juan Ponce Enrile and Armed Forces Chief of Staff Fidel Ramos. Salonga warned however that if the released men return to their former activities, they will be dealt with more severely. After their release, Sison and the three others met with President Corazon Aquino. No details were given about their 30-minute meeting with the president.

Resignation of Justices

HK080542 Beijing International Service in Tagalog 1130 GMT 7 Mar 86

[Text] Anti-graft Court Justice Manuel Pamaran, chief of the justices who tried the Aquino-Galman double murder case, has tendered his resignation, as has Deputy Justice Manuel Herrera.

LI XIANNIAN CONTINUES ASIA-AFRICA TOUR

Text of Dhaka Speech

HK130143 Beijing RENMIN RIBAO in Chinese 10 Mar 86 p 6

[Text] Beijing, 8 March (XINHUA) -- President Li Xiannian delivered a speech this evening at the welcome banquet given in his honor by Bangladesh President Ershad. Full text of his speech follows:

Respected, Honorable President Hussain Mohammad Ershad and Mrs. Ershad; ladies and gentlemen:

I am very happy to have the opportunity to visit -- on the cordial invitation of honorable President Ershad -- Dhaka again after 8 years. I have brought with me the sincere love and good wishes of 1 billion Chinese people for the brotherly people of Bangladesh. Once again I have seen the deep friendship of the Bangladesh people toward China, friendship reflected in the wholehearted welcome accorded to me by the government and people of your country and in your just concluded hearty and warm speech. I would like to avail myself of this president and to the Bangladesh Government and people on behalf of myself, my wife and my colleagues.

China and Bangladesh are friendly neighbors, and there exists a profound traditional friendship between the people of the two countries. Since we established diplomatic relations in 1975, our relations have been smoothly developing on the basis of the five principles of peaceful coexistence. Whether on bilateral relations or international matters, the two countries support each other in all matters and maintain close cooperation. Sino-Bangladesh relations are characterized by such distinctive features as equality, mutual trust, genuine friendship, and mutually beneficial cooperation. I would like to particularly mention here that President Ershad made successful visits to China twice -- in 1982 and in 1985 -- and significantly contributed to the development of Sino-Bangladesh relations. To constantly consolidate and develop these ties of friendship and cooperation is a firm policy of the Chinese Government. The purpose of my current visit is to do my bit to help further Sino-Bangladesh friendship. History 10 years after the establishment of diplomatic relations between the two countries proves that our friendship and cooperation are not only in the interest of the people of China and Bangladesh, they contribute to Asian peace as well. I firmly believe that with joint efforts by the governments and people of the two countries, friendly Sino-Bangladesh relations will surely improve further.

As a close friend of the Bangladesh people, we have always paid attention to the development of this country. The Bangladesh Government attaches importance to agricultural developments and pays attention to industrial advancement by using indigenous resources. As a result, Bangladesh's production has consistently increased and the country is gradually gaining strength. The Bangladesh people and Armed Forces last year worked to overcome the natural calamity with irresistible determination, and proved their commendable spirit of dedication to their country's reconstruction.

Bangladesh has been consistently pursuing a policy of independence and nonalignment on international matters. It has won high acclaim from the international community by unswervingly pursuing a policy of upholding principles and justice and trying hard to develop relations and cooperation with neighboring countries and other Third World countries. The government and people of China have truly attained happiness and inspiration from your successes, and hope for the success of the Third 5-Year Plan of your country. The people of China will always remain trusted and dependable friends of the Bangladesh people in the just cause of protecting the independence and sovereignty of Bangladesh and its national economic progress.

All South Asian countries are China's close neighbors. It is China's sincere hope to develop good-neighborly relations with all countries in South Asia. China also sincerely hopes that these countries will live in amity with each other and engage in friendly cooperation for the attainment of common progress. We are happy to note that the South Asian regional cooperation initiated by Bangladesh has made gratifying progress with the joint efforts of the seven South Asian countries. A summit meeting of seven South Asian countries was held in the Bangladesh capital of Dhaka last December and the South Asian Association of Regional Cooperation [SAARC] was formed.

This is a milestone in the effort to promote regional cooperation and an event of great significance in the history of the relations of South Asian countries. We highly appreciate the foresight and sagacity of Bangladesh in furthering the good-neighborly friendship of South Asian countries and accelerating South Asian regional cooperation, and its unremitting efforts in this regard. We hope that all the South Asian countries, by pursuing a policy of respect for sovereignty, equality, territorial integrity and political independence and noninterference in each other's internal affairs -- as enshrined in the SAARC charter -- will practically contribute to promoting regional cooperation, accelerating economic progress of South Asian nations, and safeguarding the peace and stability of South Asia as well as all of Asia.

Honorable president, the people from all walks of life in China are relentlessly working in a united way to attain the goal of socialist modernization of the country's industry, agriculture, science and technology, and defense system. For this great task, we need a durable, peaceful international atmosphere, and friendship and cooperation among the people of various countries. China is committed to an independent foreign policy of peace. We steadfastly stand by the Third World people and work to strengthen our unity and cooperation with Third World countries. We want to live in amity and engage in mutually beneficial cooperation with all countries around the world on the basis of the five principles of peaceful coexistence. We feel that all countries -- small and large -- have equal rights. We are opposed to the politics of force and hegemony. We support all proposals and efforts for the cause of development. We hope that the United States and the Soviet Union will hold serious negotiations and take practical steps to considerably reduce the number of nuclear weapons and end the arms race in outer space, so as to meet the strong demand of the people of all countries for reducing international tension and safeguarding global peace. The people of China, along with the people of Bangladesh and other countries, want to work to reduce international tension, safeguard global peace, and accelerate common progress in all countries.

In conclusion, I propose a toast wishing continued expansion of friendly and cooperative relations between the people of China and Bangladesh and their two countries, development and progress of the Republic of Bangladesh and the well-being of its people, good health for honorable President Ershad and Mrs Ershad and the good health of all the ladies and gentlemen present here.

Feted in Sri Lanka

OW121438 Beijing XINHUA in English 1430 GMT 12 Mar 86

[Text] Colombo, March 12 (XINHUA) -- Sri Lankan Prime Minister Ranasinghe Premadasa gave a reception this afternoon at Temple Trees, his residence, in honor of visiting Chinese President Li Xiannian. More than two hundred people including diplomatic envoys in Colombo and celebrities of various circles attended.

At the reception, Dr. Hudson de Silva, president of the Sri Lanka Eye Donation Society, announced that his society was giving two corneas to China to commemorate President Li's visit. The corneas, which will be transported to China by air this month, will be given to the Zhongshan Medical College in Guangzhou, China.

Encourages Parliamentary Exchanges

OW121618 Beijing XINHUA in English 1605 GMT 12 Mar 86

["Chinese President Hopes for More Parliamentary Exchanges With Sri Lanka" -- XINHUA headline]

[Text] Colombo, March 12 (XINHUA) -- Chinese President Li Xiannian said today that China looks forward to increased exchange of visits between the Chinese National People's Congress and the Parliament of Sri Lanka. Li made this remark at a tea party given after a welcoming ceremony by Sri Lankan Parliament Speaker E.L. Senanayake at the parliamentary complex, east of Colombo.

China also hopes that the parliaments of the two countries will help promote "the friendship between the Chinese and the Sri Lankan peoples," Li added. He said China's National People's Congress has invited Senanayake to head a parliamentary delegation to visit China. In his welcoming speech, Senanayake recalled his happy meetings with Chinese leaders in 1957 when he received Premier Zhou Enlai as the mayor of Kandy and his 1981 visit to China as the minister of agriculture. He praised the Chinese Government for upholding the five principles of peaceful co-existence. "We are greatly heartened and encouraged by the expression of good will, friendship and support that your excellency has expressed for our country," he said.

Meets Maldives Official

OW121840 Beijing XINHUA in English 1831 GMT 12 Mar 86

[Text] Colombo, March 12 (XINHUA) -- Visiting Chinese President Li Xiannian met here today with Maldivian acting high commissioner Ahmed Abdullah. President Li asked him to convey his best regards to Maldivian President Maumoon Abdul Gayoom.

Ahmed Abdullah described his meeting with the Chinese president as a symbol of the friendly relations between the Maldives and China. On behalf of the Maldivian president, government and people, he paid tribute to President Li, and through him, to the Chinese Government and people.

Tours Capital

OW121955 Beijing XINHUA in English 1945 GMT 12 Mar 86

[Text] Colombo, March 12 (XINHUA) -- Chinese President Li Xiannian visited the centre for the Maligawatte housing scheme today, the Bandaranaike Memorial International Conference Hall and an exhibition of gems, handicrafts and ceramics in the presidential residence in this Sri Lankan capital. Accompanied by Lalith Athulathmudali, minister of national security, President Li and his wife Lin Jiapei visited the centre this morning. The Chinese guests were warmly received by S.W. Alawatuwela, deputy minister of local government, housing and construction of local government, housing and construction and deputy minister of highways.

In the past, Maligawatte was marsh land surrounded by slums. Construction began in May 1967. And now Maligawatte has 85 buildings with a population of 15,000. Hospitals, schools, cinemas, shops have been set up in the area. In Maligawatte, the Chinese president planted and watered a "na" tree -- the national tree of Sri Lanka in commemoration of his visit to Sri Lanka. President Li, in the company of Mrs. Nanayekara, toured conference halls in high spirit and inquired into details about the working conditions of the equipments.

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PRC INTERNATIONAL AFFAIRS
SOUTH ASIA

This afternoon, Li and his party viewed a display of Sri Lanka's gems, handicrafts and ceramics. The Chinese guests enjoyed the exquisite products which, Li said, are "wonderful and marvellous". Sri Lanka is one of the five largest gem-producing countries in the world and has been famous for its gems for more than 2,000 years. Out of its more than 15 million population, about one million Sri Lankans work in the gem industry. Gems account for much of Sri Lanka's export revenue second only to tea, rubber and coconuts.

Economic Agreements Signed

OW131116 Beijing XINHUA in English 1104 GMT 13 Mar 86

[Text] Colombo, March 13 (XINHUA) -- China and Sri Lanka signed three agreements on economic cooperation and promotion of investment here today. The agreements were signed during President Li Xiannian's state visit to this island country.

Chinese President Li Xiannian and Sri Lankan President J.R. Jayewardene attended the ceremony of signature. On behalf of their respective governments, Chinese State Councillor Chen Muhua and Sri Lankan Foreign Minister A.C. Shahul Hameed, signed three agreements, -- the agreement on economic and technical cooperation, the agreement on reciprocal promotion and protection of investments, and the exchange of notes on presenting 30,000 suits of clothing for Sri-Lankan children by President Li. Present on the Chinese side were Lu Xuejian, vice minister of foreign economic relations and trade and Zhou Shanyan, Chinese ambassador to Sri Lanka. attending the signing ceremony on the Sri Lanka side were Lalith Athulathmudali, minister of national security and K.N. Samarasinghe, Sri Lanka ambassador to China.

PRC-TURKEY TRADE ACCORD SEES LARGE INCREASE

OW121738 Beijing XINHUA in English 1631 GMT 12 Mar 86

[Text] Ankara, March 12 (XINHUA) -- China and Turkey have decided to increase their volume of trade in 1986 to 200 million dollars from 110 million dollars last year. The decision was contained in the agreed minutes of talks signed here today on the conclusion of the fourth meeting of the China-Turkish Joint Economic Committee.

According to the agreed minutes, each side will export to the other side 100 million dollars worth of goods. Turkey will import from China 500,000 tons of crude oil as well as rice, coal, raw silk, cotton and light industrial products. China will import from Turkey 200,000 tons of steel products as well as chrome ore, fertilizers, synthetic fibres and other goods. In strengthening the economic and technical cooperation between the two countries, China will provide technical know-how and equipment in building the Ozkoy power plant in Turkey. Under negotiations between the two countries are the establishment of some joint ventures in Turkey and China.

LETTERS OF INTENT FOR NUCLEAR POWER PLANT SIGNED

OW121338 XINHUA in English 1326 GMT 12 Mar 86

[Text] Shenzhen, March 12 (XINHUA) -- Letters of intent were signed here this afternoon on a 3.7 billion U.S. dollar-nuclear power plant by a Chinese-Hong Kong joint venture and two French companies, XINHUA has just learned. The plant is to be built at Daya Bay in China's southern Guangdong Province by the Guangdong Nuclear Power Joint Venture Co. (GNPJVC) between Guangdong Province and Hong Kong's China Light and Power Co. When completed, it will supply electricity to Hong Kong as well as to Guangdong Province.

The letters of intent were signed between GNPJVC and Framatome, a French nuclear reactor manufacturer, and EDF (Electricite de France). According to the document, Framatome will supply the nuclear island (two reactors) and EDF will be responsible for overall engineering design. The formal contracts to this effect are expected to be signed by the companies involved in the middle of this year, upon approval by the Chinese and French Governments.

Negotiations for the signing of letters of intent between GNPJVC and the British firm, General Electric (GEC), are still underway. The latter is expected to supply the conventional island (conventional power generating machines) for the plant. The total cost of the plant -- with an installed capacity of 1.8 million kilowatts -- is estimated at 3.7 billion U.S. dollars. The first reactor will be ready for full commission six years after the signing of the contracts.

CUI YUELI DEPARTS LISBON FOR PALME FUNERAL

OW121758 Beijing XINHUA in English 1535 GMT 12 Mar 86

[Text] Lisbon, March 12 (XINHUA) -- Cui Yueli, special envoy of Chinese President Li Xiannian, left here today for Stockholm to attend the funeral of the late Swedish Prime Minister Olof Palme, who was assassinated on February 28. The funeral, arranged by Palme's Social Democratic Party, will be held on Saturday in the Swedish capital.

Cui Yueli, who is also health minister, came here to attend the inauguration of the new Portuguese President, Mario Soares. During his stay in Lisbon, the Chinese minister met with President Mario Soares, Prime Minister Cavaco Silva and former President Antonio Remalho Eanes and discussed with them bilateral and international issues.

DRAFT PRINCIPLES OF CIVIL CODE DELIBERATED

OW120605 Beijing XINHUA Domestic Service in Chinese 1242 GMT 11 Mar 86

[Text] Beijing, 11 Mar (XINHUA) -- After being examined by the 13th meeting of the 6th NPC Standing Committee, the draft of the general principles of China's civil code was again revised after experts and practical workers concerned repeatedly made suggestions and gave their views. On 11 March, this revised draft was submitted to the 15th meeting of the 6th NPC Standing Committee for further deliberation. Wang Hanbin, director of the Legislative Affairs Commission of the NPC Standing Committee, explained the revised draft.

Wang Hanbin said: After the draft of the general principles of the civil code was examined by the 13th meeting of the 6th NPC Standing Committee last November, the NPC Law Committee and the Legislative Affairs Commission invited experts on civil law, responsible cadres of civil and economic tribunals of people's courts at all levels, and responsible comrades of departments concerned under the central authorities and all provincial, autonomous region, and municipal people's congress standing committees to a forum to discuss the draft. Experts on economic law residing in Beijing were also invited to the forum. In addition, the draft was again printed and distributed to departments concerned under the central authorities; all provincial, autonomous region, and municipal people's congress standing committees, and college teachers and students majoring in civil law to solicit their opinions. Many articles and clauses of the draft were revised and supplemented according to NPC Standing Committee members' suggestions after their initial examination of the draft. The revised draft was also initially examined by the Law Committee.

He said: The civil code mainly readjusts property relations between equal subjects; that is, lateral property and economic relations. The civil code does not concern itself with state control of the economy, economic relations between the state and enterprises, or between enterprises themselves since these are covered by relevant economic laws. Therefore, the original draft which provided that the civil code "readjust the property and personal relations between citizens, between organizations established in accordance with the law, and between citizens and these organizations" has been revised to "readjust the property and personal relations between citizens, between bodies corporate, and between citizens and bodies corporate persons as equal subjects."

Wang Hanbin said: At the suggestion of some comrades, "individual households," as provided by the original draft, has been revised to "individual industrial and commercial households," and "rural contracted specialized households" has been revised to "rural contracted management households." On the question of individual industrial and commercial households and rural contracted management households repaying debts, the draft provided that "households should use their property to repay debts." Some comrades pointed out: Some individual industrial and commercial households are run by individuals, while some family members of a rural contracted management household have their own occupations and make a living independently. They should not be held responsible for the debts. Therefore, the provision has been revised as "the debts of individual industrial and commercial households are repaid by the individual's property if he alone runs the household and by the family's property if the family runs the household. The debts of rural contracted management households are repaid by the property of family members living together."

On the stipulation of "body corporate," he said: The original draft provided: "A body corporate of an enterprise should be held responsible in one of the following cases, in addition, it is necessary to investigate and affix the legal representative's responsibility according to law." Some comrades pointed out that this provision is in very general terms and is difficult to implement.

Therefore, it is revised as, in addition to the body corporate that should be held responsible, "disciplinary sanctions may be taken against a legal representative, who may be ordered to pay compensations and fines, and in serious criminal cases, investigated so as to affix his responsibility for the crime according to law."

Wang Hanbin said: Quite a few comrades pointed out that at present, the lateral integration between bodies corporate is developing very fast. The draft should make provisions in this connection. Therefore, a section "joint management" is added, which falls into three categories. First, "by means of joint management between enterprises and between enterprises and institutions, economic entities can be organized to independently shoulder civil responsibility. Those which meet requirements of a body corporate can apply to industrial and commercial administrative and management organizations for approval and registration and thereby obtain body corporate qualifications." Second, "enterprises with joint management and enterprises and institutions with joint management should separately shoulder civil responsibility if they do business with other units independently according to contracts which stipulate their rights and obligations." Third, "enterprises and institutions that operate together without body corporate conditions should shoulder liability in proportion to the capital offered by all parties or according to agreements and by using what each enterprise or institution owns or the property each manages. Those which are held jointly responsible according to the law or agreements should shoulder joint liability."

Wang Hanbin said: On "civil legal action and representation," the invalid civil actions provided by the original draft failed to include all invalid civil actions. We now specifically stipulate the following seven civil actions as invalid: 1) those taken by persons whose capability for civil action is restricted by law, and who have lost the capability of taking civil action; 2) those taken by persons whose capability for civil action is restricted by law, and who have lost the capability for independent civil action; 3) those taken by people against their will after being swindled and coerced; 4) those taken in collusion to damage the interests of the state, collectives, or other people; 5) those violating the law and running counter to the public interest of society; 6) economic contracts running counter to the state directive plan; and 7) sham actions which use legitimate means to hide illegitimate ends.

On revision of the chapter "Civil Liability," Wang Hanbin said: To counter the tendency that some debtors are able to pay but fail to do so, the following stipulation is added at some comrades' suggestion: "Those who are able to pay debts, but refuse to do so, should be forced to pay by verdict of the people's court; those who hide their property and refuse to pay debts may be investigated to affix their criminal responsibility on a charge of fraud." In addition, at some comrades' suggestion, a stipulation is added to the section "civil liability for infringement on a person's rights": Those who violate state regulations on environmental protection and prevention of pollution, create environmental pollution, cause damage to citizens or body corporate; who pile articles or dig pits in public places without setting up a clear warning sign or taking reliable safety measures, thus causing damage to other people's property or physical health; who cause damage to other people's property or physical health when buildings and other installations, or articles lying idle on, or hanging from, buildings, collapse, fall off, or drop because of their inappropriate installation or mismanagement; and who raise animals causing damage should shoulder civil liability according to the law.

Finally, Wang Hanbin said: Please examine this revised draft of the general principles of the civil code to see whether it is suitable. I also suggest that the current Standing Committee discuss the revised draft and submit it to the Fourth Session of the Sixth NPC for deliberation.

NPC COMMITTEE DISCUSSES DRAFT MINERAL LAW

OW130033 Beijing XINHUA Domestic Service in Chinese 1521 GMT 12 Mar 86

[Excerpts] Beijing, 12 Mar (XINHUA) -- In deliberating the draft law on mineral resources today, members of the NPC Standing Committee, attending its 15th meeting, pointed out: The draft law, which has been repeatedly discussed and revised, embodies the spirit of "relaxing control, enlivening the economy, and exercising effective management." conforms with the state's general principle of speeding the development of underground mineral resources, and the policy of "actively supporting, rationally planning, correctly guiding, and stepping up supervision of" village and town enterprises, and is conducive to harnessing the enthusiasm of all individuals and collectives in prospecting and developing resources, as well as to reasonably utilizing and protecting mineral resources. The members have recommended that the current Standing Committee meeting approve the draft law.

Many members noted that the draft of the mineral resources law is better than previous drafts. Member Yand Liqong said: The guiding ideology of the draft is correct. It clearly defines state enterprises as the main developers of mineral resources, as well as formulators of state policy in actively supporting and stepping up supervision over village and town enterprises in the rational development of such resources. It stresses the inviolability of the rights and interests of state mineral resources enterprises, as well as protection of the legitimate rights and interests of collectives and individuals in mining. It conforms with reality and the spirit of the economic structural reform in China.

A few members called for intensified scientific research, planning, and management of the mining industry. Member Wang Ganchang said: In the future, we should pay attention to research into mineral resources, especially that on mining methods. Due to our backward prospecting and mining methods, we were unable to discover certain mineral ores and even wasted some of our resources. Member Rong Gaotang said: Because of outdated mining technology, we have been unable to extract valuable components from mineral ores. Therefore, we should devote more effort to scientific research in mining mineral ores.

EDUCATION COMMISSION HOLDS WORKING MEETING

OW110145 Beijing XINHUA Domestic Service in Chinese 1531 GMT 10 Mar 86

[By reporter Zhao Wei]

[Excerpts] Beijing, 10 Mar (XINHUA) -- The 1986 work conference of the State Education Commission closed in Beijing today. Present at the closing ceremony were Hu Qili, member of the Political Bureau and member of the Secretariat of the CPC Central Committee; and Li Peng, member of the Political Bureau of the CPC Central Committee, vice premier of the State Council and minister of the State Education Commission. They successively spoke at the meeting.

Hu Qili reiterated in his speech that education must be reformed or we will be unable to meet the needs of the four modernizations. He said that the reform of the economic structure, scientific and technological system, and educational system going on in our country is a profound revolution; that it is unavoidable and normal that there will be a new situation and new problems in the course of reform; and that what is important is to keep a clear head, persist in the reforms, and continue to advance. He pointed out that educational reform includes the reform of educational thinking, curriculum, and teaching methods. He urged comrades on the educational front to pay attention to investigation and study, and further educational reform in a down-to-earth and realistic manner.

Hu Qili emphasized in his speech that in order to strengthen ideological and political work, we must not merely rely on full-time political work cadres, and we must mobilize all teachers to teach the students both intellectually and morally. He said that all teachers should include moral education in their teaching, be worthy of the name of teachers, and exert a subtle influence on students' character and thinking. On how to improve student management, Hu Qili said: Strict teachers produce good students. We should, starting from the purpose of caring for the students and training qualified personnel, protect the students' creativity and initiative and set strict demands for them at the same time in order to cultivate personnel who are qualified morally, intellectually, and physically for socialist construction.

The participants in the 7-day conference included directors of departments or bureaus of education of provinces, autonomous regions, municipalities, and some selected cities; comrades in charge of educational work of ministries and commissions under the State Council; and responsible persons of some colleges.

Li Peng Speech

OW121314 Beijing XINHUA Domestic Service in Chinese 1439 GMT 11 Mar 86

["Excerpts" of speech by Li Peng on 10 March at 1986 State Education Commission work meeting: "Persist in Reform of the Educational System; Do More Solid Work for Schools"]

[Text] Beijing, 11 Mar (XINHUA) -- Since the party Central Committee made public the "decision" on reform of the educational system last year, gratifying changes have taken place on the educational front, and the situation is excellent. The hallmark of this excellent situation is evidenced, first of all, by the fact that all party members and ordinary people have enhanced their understanding of the importance of education. They have realized that the key to accomplishing the modernization drive lies in specialized personnel, and that the foundation for training specialized personnel lies in education. A good education has a bearing on the quality of the nation, the destiny of the country, and the success of the four modernizations program. Economic and social development have set increasingly higher demands on education. Many peasants have become aware that education is an important means of achieving prosperity. Second, as a result of the study and publicity of the party Central Committee's decision on reform of the educational system and the designation of a teachers' day, the social status of a large number of teachers has been raised and their working and living conditions improved. Third, entrusting localities with the responsibility for basic education, the central authorities have increased the level of responsibility of local party committees and governments and sparked their enthusiasm in managing schools well. All provinces, cities, prefectures, and counties have mapped out concrete plans and measures for promoting education, and both central and local authorities have increased educational expenditures in varying degrees. Fourth, a State Education Commission has been established to strengthen the organizational leadership over educational work and supervise schools of all kinds and at all levels throughout the country.

All provincial, municipal, and autonomous regional party committees as well as State Council departments concerned have also reinforced their leadership over educational work. Fifth, party committees, educational departments and schools at all levels have begun to attach great importance to and taken action to step up the ideological and political work in schools at all levels, in particular schools of higher learning. Of course, we should notice that, as the implementation of the party Central Committee's decision on reform of the educational system has just started, there is still a great deal of work in the planning and discussion stage, and we have not yet achieved many concrete results.

The assessment by many comrades of an unprecedentedly excellent situation on the educational front is correct. We must keep a cool head regarding shortcomings and problems existing in the work, however, and must strive to solve them in a down-to-earth manner.

The central task for the educational front in 1986 is to continue to implement the "decision of the CPC Central Committee on reform of the educational system." Now, I would like to suggest a number of opinions concerning the work of this year.

1. On Popularization of 9-Year Compulsory Education

Compulsory education is an obligation of the state to the people, as well as of the parents, to the country and society. In popularizing the 9-year compulsory educational system, we must take into account the uneven economic and cultural development in the country and carry out the policy in light of the actual situation in each locality. Every province, county, and city should proceed from reality and adhere to the principle of seeking truth from facts in formulating realistic fighting goals and detailed rules for different types of areas, and popularize the compulsory educational system step by step. Primary education is the foundation for basic education. All localities must do a good job in running primary schools and must rectify any practice neglecting primary education.

Middle and primary schools should reduce the load of learning by their students, and guard against or correct the tendency of aimlessly pursuing a higher proportion of students entering a higher level of school. Middle and primary schools should aim to develop the youngsters in a well-rounded manner -- morally, intellectually, and physically -- and provide the students with a relatively comprehensive basic education. While continuously improving teaching in verbal and mathematical subjects, it is also necessary to pay close attention to music, physical education, arts, and other subjects in order to help middle and primary school students enrich their cultural lives and achieve overall development.

Qualified teachers are of crucial importance for middle and primary schools. It is necessary to adopt various methods to solve this problem through various channels. One of the methods is to provide long- or short-term training through regular normal education. A second method is to dispatch groups of lecturers to the grass roots to help train qualified teachers. Last year, the central organs dispatched groups of some 3,000 lecturers, which proved successful in the course of practice. Beginning from this year, the dispatching of groups of lecturers will be institutionalized and continued in both central and local departments. A third method is to offer on-the-job training through correspondence or television programs. To provide effective means for training middle and primary school teachers, we will lease a television satellite to establish an educational channel. No matter what method is adopted in training, it is necessary to set up a regular program to teach whatever subject is needed, and confer a diploma of a secondary teachers' training school or certificate on completion of study of a single subject of all subjects at a college or university, on those who have passed the examination.

Teachers of schools run by local people constitute a fairly large proportion of the existing ranks of teachers. They have worked under relatively difficult conditions, and contributed to China's educational undertaking. In solving problems for them, it is necessary to raise their social status while creating conditions for improving their economic remuneration. All localities must treat teachers in schools run by local people and by local governments equally as far as their political and social life is concerned, including promoting them in work and commending them as advanced workers.

In promoting education, it is imperative to increase expenditures and investment. Both central and local financial resources must ensure increasing funds for education. Aside from relying on local governments, basic education also needs the support of collective economic units and local people. Rural areas that have improved their standard of living should spend more money on schools. Local governments should not restrict but should encourage more funds for education if their economic conditions permit and local people are willing to do so.

2. On Higher Education

Higher education has developed rapidly over recent years. In order to further raise the efficiency of higher education as a whole, schools of higher learning should focus their attention for some time to come on tapping their potentials and improving the quality of students. Generally speaking, we should not set up new schools, but should concentrate our efforts on improving existing schools. During the Seventh 5-Year Plan, we will increase the enrollment of higher education mainly by tapping the potentials and expanding the facilities of existing schools. Moreover, we will direct more attention to readjusting the structure and overall arrangements of schools of higher learning and improving their quality.

Restructuring higher education is an important question that needs to be studied and solved. As we know, our country needs specialized personnel in different fields. Therefore, in order to form a rational structure of specialized personnel, all schools of higher learning should coordinate their efforts in training personnel specializing in different fields. Each school should optimally utilize its advantages in offering a highly qualified education with its own characteristics.

In encouraging colleges and universities to gear their research work to the modernization drive, we should correctly handle the relationship between study of basic sciences and their application in technology development. Schools of engineering should devote more efforts on applying sciences to develop technology than on studying basic sciences. Colleges of sciences should concentrate on basic science research while also engaging in technology development.

To develop higher education under China's existing conditions, it is necessary to adopt dual tactics, that is, improving regular fulltime colleges and universities while vigorously developing various forms of schools of higher learning such as radio and television programs, correspondence courses, part-time and night-time universities and holding examinations for self-taught students of college courses. Where conditions permit, regular colleges and universities should increase the enrollment of their correspondence courses and night classes while striving to improve upon the quality of fulltime enrollment. In order to train more specialized personnel in various fields for the country and society, television universities should, in addition to enrolling personnel already holding a job, be opened to graduating students of senior middle schools so that young people with lofty ideals may have ample opportunities to study at their own expense without limited quotas.

It is essential to pay special attention to the following reforms in higher education this year:

The party Central Committee's "decision" on reform of the educational system calls for reforming the enrollment plan and the system of assigning jobs to graduates and substituting scholarships for stipends to students. The reforms of enrollment plans and job assignments for graduates have already been carried out, and should continue to be improved this year on the basis of last year's experience. Reform in financial aid to students affects their vital interests, and should be carried out prudently.

The purpose of substituting scholarships for stipends is to eliminate the malady of "everyone eating from the same big pot" among the students, harness their initiative and consciousness in study, and reward those who are outstanding both academically and morally. A small number of schools will be selected to pursue the reform this year on a trial basis, which will be gradually popularized in the course of practice.

The enrollment and the training systems of postgraduates should be improved. As personnel trained by the state at a higher level, postgraduates (including those working for a master's degree and a doctorate) should be outstanding students academically and morally, and should be willing to dedicate themselves to the modernization drive. It is necessary to reform drawbacks in the current educational system for postgraduates that are divorced from reality. In order to provide an opportunity for higher qualified personnel engaged in practical work to earn an advanced degree, it is necessary to first try out and then establish a system of doctoral dissertations and conferment of doctorates in engineering, clinical medicine, and other fields. In short, it is necessary to closely combine the training of specialized personnel at higher levels with reality so that they can meet the needs of the ongoing four modernizations programs as well as the needs of the world and the future.

In order to strengthen the capabilities of schools of higher learning to adapt themselves to the economic and social development, it is necessary to give them greater decision-making powers in management while strengthening and improving macrocontrol. The State Council will soon promulgate the "provisional regulations on management duties of higher education." All localities, departments concerned, and schools of higher learning should pay close attention to reviewing their experience in the course of implementing these regulations so that China's higher education can better serve the needs of the modernization drive.

3. On Improving the Selection of Students for Studying Abroad and Stepping Up Their Supervision

In recent years, large numbers of personnel have been dispatched by the government on study tours abroad, in addition to a number who go at their own expense. The dispatch of personnel abroad has been generally fruitful in absorbing advanced foreign science and technology and management knowledge and in training senior specialized personnel, which we should fully confirm. Of course, problems do exist in the selection and supervision of personnel studying abroad, but they are of secondary importance. The dispatch of personnel to study abroad must be continued for a long time as part of our policy of opening the country to the outside world.

In dispatching students abroad, it is necessary to proceed from China's modernization needs. To ensure the students a place to fully use their talents upon completion of their studies and return to the country, only units in need of specialized personnel should send students abroad. Now that many colleges and universities in the country have set up graduate schools, the training of postgraduates should be conducted mainly in the country, although we may cooperate with colleges and universities abroad in some training. In this way, we can absorb advanced foreign science and technology while training a large number of specialized personnel at a faster pace.

Studying abroad at one's own expense is an important way for training specialized personnel which we must encourage. Personnel studying abroad at their own expense should be treated the same as those studying at government expense as far as their life and work are concerned. It is necessary to offer correct guidance to overcome problems and defects existing among those studying abroad at their own expense.

4. Developing Adult Education and Vocational and Technical Education

Energetically developing adult education is an important way of training the necessary personnel, particularly middle-aged and young personnel. Adult education should be run according to the special conditions of adults. The joint exam to be held this year for adult students is for the purpose of combating certain disorderliness in adult education and is not aimed at limiting the number of students. Courses for adult students should primarily be given during their off-duty hours. To deal with conflicts between working and attending classes among workers of enterprises and government organs, the number of students who cannot attend classes without stopping work should be kept at a minimum. The units where these students work, however, should give them the assistance they need. To provide workers the opportunity to study without having to stop working, the central authorities are prepared to broadcast the satellite-relayed televised college courses at night. While we support people in society who sponsor adult education, the disorderliness and irregularities appearing in adult education should be combated.

Vocational and technical education is a very important aspect of training the necessary personnel. Energetically developing vocational and technical education, including turning some regular high schools into vocational high schools, is a major reform to enable our country's education to keep up with the needs in our four modernizations. Today, the number of vocational and technical schools has been increasing rapidly and their graduates are highly popular in society. This is a very gratifying phenomenon. Now we must review our experiences and continue to do a good job in improving the operation of vocational high schools. We must now promptly study and deal with the two problems affecting vocational and technical education. First of all, in the course of training, we must give students the opportunity for hands-on experience. Without this opportunity, students cannot possibly become qualified workers with special skills, or intermediate or primary specialists. Secondly, we must have qualified teachers. There is now a widespread shortage of teachers of vocational courses. Therefore, in addition to setting up more colleges to train teachers for vocational and technical schools, institutes of higher education should also contribute their share of training teachers for vocational courses. Moreover, educational departments in various localities should also organize personnel to compile teaching materials for vocational and technical education.

Preschool education is an important part of the overall educational work. We should depend more on society to sponsor preschool education so that it will become part of the welfare services of various government organs, institutions, the state, and collectively-operated enterprises. The main problem confronting preschool education today is the shortage of qualified teachers for preschool education. Educational departments have the responsibility for providing large numbers of qualified teachers for preschool education. In addition to schools training teachers for preschool education, vocational high schools should also train teachers for preschool education to meet society's pressing needs.

5. Intensifying and Improving Ideological and Political Work in Schools

Ideological and political work among students, teachers and other faculty members of our institutes of higher education is a task determined by the nature of our socialist schools, and it guarantees success in developing specialized personnel with socialist consciousness. It is our hope that the people we develop will become educated, ethical people with lofty ideals and a sense of discipline, and specialists in all fields who have communist consciousness and morality with the spirit of serving the people and dedicating themselves to the four modernizations. We should correctly assess the ideological condition of the students.

While the majority of them believe in Marxism and are willing to study it, support the Communist Party's leadership, are in favor of pursuing the socialist course, and support reform, liberal thinking has a certain degree of influence in universities nonetheless. Furthermore, some students are still affected by such problems as losing contact with reality, holding the masses in contempt, and overestimating themselves. We should attach ample attention to these problems.

According to the experiences gained by many localities and schools, we should pay attention to the following issues:

First, party committees and other organizations at all levels in schools should take a clear-cut stand in supporting or opposing whatever is related to ideological and political matters. Their method of work, however, must be proper. In handling ideological matters, they must treat the students on an equal basis, enlighten them, reason with them, and discuss things with them democratically. Acting simplistically and forcing them to agree should be rejected. Leading authorities at all levels must attach importance to the students' opinions and criticism, and strive to improve their studying and living conditions.

Secondly, we must build and improve the contingent of ideological and political workers in schools. This contingent should include full-time and part-time workers chosen from among teachers and students who are of good character and academic ability. Ideological and political work is a branch of learning, and political workers should be hired to perform proper duties and become part of the school's faculty. Such an arrangement is conducive to building a full-time, long-term, stable, and highly proficient contingent of ideological and political workers. In addition to the knowledge of a certain discipline, political cadres in schools should study some more basic Marxist and Leninist theories, and they should study pedagogics and psychology. Moreover, they should pay attention to inheriting and carrying forward the party's fine traditions of political work and the whole series of effective methods of work, and integrate these traditions and methods of work with the special characteristics of school education. Furthermore, we must emphasize that teachers of all schools -- ranging from primary schools to universities -- must educate people intellectually as well as ethically. This means that not only should they impart knowledge to students, they should also cultivate the students' fine qualities and socialist consciousness. This is a basic requirement of our party and state for people's teachers.

Third, we must exert great efforts to reform the teaching of political curriculum in our schools. Our ideological and political courses should be more extensive. While they are primarily intended for students to learn more basic Marxist and Leninist theories, they should be integrated more closely with the current world situation and the realities of China's construction. We must help the students understand the histories of Chinese revolution and the CPC, and understand how our party has integrated basic Marxist and Leninist theories with China's actual situation. We must also pay attention to helping students study the party's current basic policies, intensify the study of current affairs, and guide them to be concerned with major affairs at home and abroad and approach them properly. In teaching ideological and political courses, we should reform the spoon-feeding method of teaching and encourage the elicitation method of teaching as well as free discussion.

Schools should pay attention to giving play to the roles of CYL organs and student associations. All schools, beginning with middle schools, should pay attention to the ideological construction of CYL organs, ensuring that they can really become organizations of advanced young people. Representing student interests, student associations are organizations serving as links between students and schools. By sponsoring activities, student associations should help students become more capable of taking care of themselves and educating themselves.

Allowing college students to come into contact with realities in society is an important aspect of carrying out ideological and political education among them. Organizing students to take part in production, conduct social investigation and study, and take part in military training during their school hours as well as holidays will benefit them in understanding society better and in establishing closer ties with realities. These activities should be regularized and institutionalized, and should be incorporated with the curriculum.

Comrades! This year is the first year of the Seventh 5-Year Plan. The 5-year period is a crucial period for us in reforming the educational system and promoting our educational cause. Our educational work must be reformed because without being reformed, it will not keep pace with the needs of the four modernizations. It is hoped that all provinces, municipalities and autonomous regions, as well as the leading authorities of all departments and committees, will give great attention to education. As the Central Committee has set the general policy for educational reform, I hope all regions, departments and schools will firmly implement the policy, do something tangible, and push their own work forward in a down-to-earth manner!

NATIONAL PROCURATORS GENERAL CONFERENCE ENDS

OW130317 Beijing XINHUA Domestic Service in Chinese 1504 GMT 12 Mar 86

[By reporter Zhang Sutang]

[Text] Beijing, 12 Mar (XINHUA) -- The national conference held by the Supreme People's Procuratorate for procurators general of the various provincial, autonomous regional, and municipal procuratorates ended in Beijing on 12 March. The conference called on procuratorial organs across the nation to continue to strike severely at serious economic criminal activities while dealing telling blows against serious criminal activities; protecting the people; punishing criminals; ensuring unified enforcement of the law; striving for steady improvement of social order; and promoting the building of socialist material and spiritual civilizations, in order to defend economic structural reform and guarantee smooth progress of the socialist modernization drive.

Yang Yichen, procurator general of the Supreme People's procuratorate, addressed today's closing ceremony. He said: There was much progress in procuratorial work in 1985. Procuratorial work has been further strengthened and developed, and many good experiences have been gained. Last year, procuratorial organs investigated over 28,700 economic criminal cases and recovered for the state more than 268 million yuan in losses. Yang Yichen called on procuratorial organs at all levels to further unify their thinking in line with the principles and policies of the CPC Central Committee. He said: We must concentrate our efforts on crucial cases and step up investigation. We must adhere to the principle that all are equal before the law. We must also strictly enforce law, dare to tackle intractable cases, and resolutely break the network of connections and protection of special privileges. We must impartially enforce the law. Whoever is involved in criminal cases must be investigated and brought to justice accordingly. Those who shield perpetrators must also be investigated and punished according to law. When procuratorial organs at lower levels encounter obstructions during investigation, the higher procuratorial organs must render support and, if necessary, assign someone to directly take part in investigating the case involved.

The 10-day conference was one of the largest in scale since the reconstitution of the people's procuratorial organs. Procurators general of the various provincial, autonomous regional, and municipal procuratorates, the specialized procuratorates, and some of the city, county, and district procuratorates attended the conference.

During the session, comrades discussed the guidelines of the national political and legal affairs work conference and relevant speeches by the leading central leaders; reviewed work in 1985; exchanged experiences in the work to strike at economic crimes; analyzed the current situation; and studied tasks for 1986. In view of rampant economic criminal activities, the participants held that more major cases will crop up. Procuratorial organs must speed up investigations and conclude cases in good time. They must focus on striking at serious economic criminals involved in embezzlement, theft, bribery, tax evasion, smuggling, illicit trading of foreign currency, speculation, profiteering, and swindling, in order to safeguard and promote economic development.

The conference maintained that, in striking at economic crimes and other criminal activities, procuratorial organs at various levels must do the job of comprehensive treatment well, and strive to prevent and reduce the incidence of crimes. In adhering to methods proven effective in the past, they must carry out measures of comprehensive treatment in grass-roots units, constantly probe new ways, and create new experiences in the course of practice.

The conference stressed that to further strengthen the building of procuratorial organs, procuratorial cadres must study the party Constitution and the Constitution of the People's Republic of China; enhance party spirit and the sense of law; and set an example in correcting party work style and abiding by the law and party discipline. In view of the myriad of new problems confronting procuratorial organs in the special economic zones and open coastal cities, comrades from these areas held that the rank-and-file procuratorial cadres must engage in more serious study, and strictly enforce law in a civilized way in order to defend and promote smooth progress of the policy of opening to the outside world.

RENMIN RIBAO ON CHINESE MARXISTS' MISSION

HK111526 Beijing RENMIN RIBAO in Chinese 7 Mar 86 p 5

[Article by Peng Ding'an: "The Historical Responsibility of Contemporary Marxists in China"]

[Text] We are engaged in an unprecedented great cause -- building socialism with Chinese characteristics. The older generation of our party has always struggled for, served, and dedicated their lives to the great ideal of realizing socialism and communism. However, due to historical limitations and other reasons, Chinese Communists in previous historical periods were not able to leave us a complete set of theories for today's historical mission, and they endured an arduous course full of twists and turns. Since the 3d Plenary Session of the 11th CPC Central Committee, our party has not only displayed its courage and creativity in theory, but has also achieved remarkable results in practice in building of socialism with Chinese characteristics.

Not long after the victory of the 1919 October revolution in Russia, Lenin solemnly pointed out: Communists in various Eastern nations are facing a special task. That is, they "must take the general communist theory and practice as a foundation and suit themselves to the special conditions that do not exist in European countries" so as to apply this theory and practice to their national conditions, with the masses there mainly being peasants, and to build socialism and realize the communist ideal. What we have to do today for "building socialism with Chinese characteristics" is still in line with Lenin's old instruction. However, we have advanced and developed Lenin's proposition and have added more concrete and realistic content to it. This content includes China's national, geographic, economic, political, and cultural characteristics and reflects the characteristics of the times in which a new technological revolution is surging ahead.

More importantly, our proposition integrates the initiative of our 1 billion people in creating history with their great practice. We will turn this theoretical thesis into concrete practice and action of the masses. Thus, we can see the great significance and widespread influence of our present socialist practices.

In order to fulfill this arduous, glorious, and great historical mission, all contemporary Marxists in China should work independently and creatively. Of course, they should subject their original practice to the guidance of the basic principles of Marxism-Leninism. Only thus can our practice adhere to a correct orientation and follow correct methods; only thus can we attain theoretical consciousness which will in turn promote our practice. Therefore, there is a process of raising the abstract to the concrete. We always attach importance to the cognitive process of turning perceptual knowledge into rational knowledge and developing from the concrete to the abstract, regard this as an upgrading movement of cognition, enabling us to summarize our practice while guiding our practice. However, we may have neglected or not have consciously realized the importance of the process of turning abstract things into concrete things, which is also an upgrading movement of cognition and practice. This process is effected through applying theory to practice while testing theory through practice. From the abstract to the concrete and from theory to practice, there is a process of deepening thoughts and making ideas more concrete, and there is a process of applying, summing up, and developing theory. In order to fulfill the above-mentioned historical mission, contemporary Marxists in China must follow this process of turning abstract things into concrete things and putting theory into practice in their work for socialist construction.

On this point, we have entered a new stage and come into contact with a new subject. That is, we should first have a good command of the basic principles and theoretical system of Marxism-Leninism through serious theoretical study. Under the new conditions, we should make use of new methods to study Marxist theory in light of the new requirements, and should study in a planned, well organized, and systematic way with firm determination and perseverance.

We still have to move to a higher stage. That is, on the basis of practice, we should use new facts, achievements, concepts, viewpoints, and theories to enrich the theory arsenal of Marxism and to develop it, update it, and replenish it with new historical facts and practical experience. We must realize that this process will never be completed once and for all and will never come to an end; instead, it will be progressive by stages. It is not only a process of practice but is also a process of theory. In this process, our awareness of theory is greatly important. On the one hand, we will consciously subject our practice to the guidance of theory and consciously apply theory to our practice; on the other hand, we will often study theory and summarize in our practice so as to form opinions, viewpoints, and theories. Only thus can we be practical men armed with theory and be theorists with rich practical experience; and only such practical theorists can shoulder the great historical mission and fulfill the task entrusted by history.

Here, we should mention another important task. That is, it is necessary for us to learn from past failures. When commemorating the fourth anniversary of the October Revolution, Lenin wrote an article and pointed out: "Actual life has shown that we have committed an error." The error was that "we tried to directly use the decrees of the proletarian state to apply the communist principles to the readjustment of the country's production and product distribution." Lenin also affirmed that such errors were unavoidable. He said: "In the brand-new cause in the world's history of building an unprecedented new-type state system, how can errors and mistakes be avoided completely? This was the attitude of a great materialist. Then, Lenin immediately pointed out: We not only should admit mistakes, but should also 'learn how to correct the mistakes.'" In another passage, he pointed out the necessity of "learning from failures." ("Collected Works of Lenin" Vol 33, p 71)

This also shows his dialectical attitude toward mistakes. To learn from unsuccessful experience, we should formulate some objective laws through reviewing the reasons for mistakes so as to turn negative experience into positive experience.

For us, "learning from failure" means two things. First, we should generally draw lessons from our errors of the past few decades. Of course, when reviewing that past, we need a system of coordinates so that we may find out where and how we suffered a setback and committed an error. For us, the "system of coordinates" is the basic principles and theoretical system of Marxism. Without keeping this system of coordinates in mind, we will lose our bearings when summing up experience and will not reach correct and scientific conclusions. That is to say, we must adhere to Marxism. By summing up experience and drawing positive lessons from past errors, we will also develop Marxism. The deepest meaning of "learning from failure" is to adhere to and develop Marxism.

Second, our present and future practice, when taking every major step, it is still unavoidable that we make partial, nonessential, and even rather serious errors in our extensive and day-to-day practice. What we can do is to try hard to avoid major mistakes, to reduce the scope of mistakes to the minimum, and to discover and correct mistakes as soon as possible, rather than delaying this or persisting in the mistakes. Lenin said: "We should firmly and tenaciously persevere in study and examine every step we have taken, patiently and repeatedly improving the work we have started so as to correct mistakes and draw lessons from these mistakes. We will certainly advance our work to a higher level." ("The Fourth Anniversary of the October Revolution") This is also a process of study and improvement, and a process of turning concrete things into abstract things and turning practice into theory. The essence of this process is to adhere to and develop Marxism.

This process in general is well matched with the process of turning abstract things into concrete things. This forms a practice-theory spiral development cycle. Through this "cycle," we will gradually accomplish our great cause of socialist modernization and will develop Marxism in the theoretical field. Both of these points are our historical missions and are the contributions we should make to our nation and to the world.

RATIONAL USE OF BORROWED FOREIGN CAPITAL URGED

HK120921 Beijing RENMIN RIBAO in Chinese 6 Mar 86 p 2

[Article by Yuan Geng: "Heavy Debt Is Like a Load Weighing 1,000 Jin -- On the Relationship Between Borrowing Money and Paying Debts"]

[Text] Editor's note: Actively and rationally using foreign capital in the service of the four modernizations program is a correct principle for speeding economic construction. Debts should be repaid. Only by rationally using foreign debts to increase profit is it possible for us to have both the capability to repay debts and the power to expand our economic strength. In this article Comrade Yuan Geng pointed out that we should not borrow money lightly, but should first concentrate our efforts on studying how to make good use of foreign debts so that they can yield better economic results. This is a very important viewpoint. Some comrades are in the habit of borrowing money from abroad in line with the thinking and practice of "everybody eating from the same big pot." They rashly clinch a deal without seriously considering how to use and repay the debt. This has led to poor economic results in the use of foreign capital. We should attach sufficient importance to this issue and take effective measures to solve it. [end editor's note]

In developing and building the Shekou industrial zone over the past few years, we have derived our capital chiefly from loans and not from gratuitous state allocations. Most of the money has been borrowed from banks in Hong Kong. We have not displayed the spirit of "staking 1,000 pieces of good on one throw" but have been very careful in using these funds. Our comrades are so engrossed in studying the feasibility and the economic results of some projects and our capability to repay the debts that they often lie awake all night.

When I worked at the China Merchant Steam Navigation Company in Hong Kong, my first impression was that it was not easy to be an entrepreneur in Hong Kong. Hong Kong is one of the world's three major financial centers. Many banks were willing to provide us with loans. It was easy to borrow money but the repayment pressure was great. If one should fail to repay debts, one would not only lose one's credit but also assume legal responsibilities and even lose one's family fortune. Comrades accustomed to the practice of "everybody eating from the same big pot" have not understood this risk.

Since last year, a dozen or so small trading companies with youthful managers have been set up in the Shekou industrial zone. Highly complacent, they struck business deals amounting to several thousand and even several million yuan. They thought that as soon as business contracts were signed, money would roll in. For these people, business risks and economic and legal responsibilities did not seem to amount to much. As a result, problems such as overstocking commodities, suffering losses, and being cheated have emerged in the past few months, all of which are really breathtaking.

Debts should be repaid. I often warn young comrades with examples of Hong Kong enterprises going bankrupt. Having been most successful for a time, these enterprises went bankrupt as a result of poor management. Taking 150 sleeping pills, a proprietor atoned for his fault with his own life. I saw or heard all this after I arrived in Hong Kong.

Last year a number of problems emerged in our country, such as the expanding credit, the excessively rapid increase in consumption funds, the excessive scale of capital construction, and a drop in state foreign exchange reserves. The reason lay in the fact that quite a few localities and enterprises (including the "briefcase companies" springing like mushrooms) which, taking advantage of the decentralization of power and seeking the selfish interest of the locality, enterprise, or person, view with one another to obtain investment, credit, and foreign exchange, to increase investment in fixed assets, and to improve welfare regardless of the consequences. Like some of the young managers in the Shekou industrial zone, the responsible persons of these units had no idea from the start that, when they spent money like water, they would go bankrupt one day, breaking up their families and even taking their own lives, as some proprietors in Hong Kong did. Given our imperfect legal system, some laws have not been enacted, and some laws already enacted have not been fully enforced. With the extension of power, responsibility has not been correspondingly expanded. Enterprises have been given decision-making power but the basis of the traditional structure, namely, the practice of "everybody eating from the same big pot," has not been discarded. The administrators of an enterprise can boldly dispose of the funds and property of the enterprise without assuming any personal responsibility.

In early 1979, when the higher authorities proposed a plan to develop the Shekou industrial zone, the leading comrade concerned had considered assigning the entire Nantou peninsula to us, an area of more than 30 square km. We only asked for 1 square km of land. In 6 years we have developed an area measuring 4.5 square km. Some new comrades blamed us for failing to ask for several dozen square km of land in the first place. The question was not whether we wanted it or not, but whether we dared to take it.

It took about 100 million yuan to develop 1 square km of industrial zone out of a vast expanse of waste beach. If we had committed ourselves from the start to developing an area measuring several dozen square km, how could we handle the debt, which would have amounted to several billion yuan? By the end of 1985, the gross income of the Shekou industrial zone had reached more than two-thirds of the total investment. If we had engaged in the development project on too large a scale at that time, and had scattered more than 300 million yuan of money on several dozen square km of land, we would surely have been unable to attain such economic results.

When an enterprise commits itself to developing a certain area, it should be extremely careful in putting its capital to use. When we borrow money from Hong Kong banks, the interest is calculated by the minute. If we had adopted the method of designating a construction team through the administrative system and had allowed a handful of people to dawdle along, or to put off the time limit for our projects, it would have been dreadful to contemplate the consequences. This made it necessary for us to reform the construction of our projects by opening work to contract bids.

In an attempt to speed up the development of the Shekou industrial zone, Shenzhen City allowed us to transfer people from other localities at any time. After making some calculations, we knew that, with each person transferred into the industrial zone, we would have to put in more than 20,000 yuan in credit funds and that, with the monthly interest of more than 200 yuan, plus wages and various welfare expenses, we would have spent more than 500 yuan a month for each additional person. This made it necessary for us to bring the scope of management institutions and the growth of population in the industrial zone under strict control.

In short, in the work of developing the Shekou industrial zone over the past few years, we have indeed felt the pressure that "a heavy debt is like a load weighing 1,000 jin." When people have pressure, they have motive force. Pressure has aroused the initiative and creativity of the builders in the special zone and pushed our cause forward.

LIAOWANG ON QUESTIONS IN UNDERSTANDING REFORM

HK130343 Beijing LIAOWANG in Chinese No 7, 17 Feb 86 pp 14-16

[Article by Yuan Mu: "Now Three Questions Concerning the Understanding of Reform (Part Two and Conclusion)"]

[Text] The Third Topic: Relationship Between Reform and Opening Up to the Outside World and Correction of Unhealthy Practices

In the process of further stimulating overall economic reform focusing on the city and in the process of further opening up to the outside world, various new unhealthy practices have appeared and spread. This has seriously interfered with the smooth progress of reform and opening up to the outside world. It is a kind of interference that cannot be overlooked. The CPC Central Committee and the State Council have time and again stressed the need to take the initiative to expose unhealthy practices and take realistic and effective measures to resolutely stop and correct such practices. For this reason, since the fourth quarter of 1984, the CPC Central Committee and the State Council have issued a series of resolutions and circulars stressing that in introducing economic reforms and opening up, we must further strengthen party discipline and rectify party style. Party organizations and the people's governments at various levels and the whole body of party members and cadres must wholeheartedly serve the people, act strictly according to the party's guidelines and policies, and resolutely correct all practices harmful to the interests of the state and the people.

The uniform stipulations from the CPC Central Committee and the State Council must be strictly followed. In no way can we fail to carry out orders and prohibitions that are in force. In his "Report on Government Work" at the Third Session of the Sixth NPC last March, Comrade Zhao Ziyang stressed: "These unhealthy trends are extremely harmful to reform. If they are not resolutely rectified, the reputation and smooth progress of reform will suffer. The effort to build socialist material civilization and spiritual civilization will also be thwarted. We must resolutely carry out various stipulations from the CPC Central Committee and the State Council on rectifying unhealthy trends and adopt economic, administrative, and legal means to stop these evil trends." Not long ago, the CPC Central Committee clearly stipulated that at the second stage of party rectification, we must focus on strengthening party discipline, rectifying unhealthy trends, and stimulating reform.

Recently, the Secretariat of the CPC Central Committee again called a general meeting of cadres of central organs, calling on central party, government, and military organs to play an exemplary role in rectifying party style. This gave further expression to the determination and confidence of the CPC Central Committee in vigorously rectifying party style from top to bottom. It should be noted that a period of implementation of a series of measures from the CPC Central Committee and the State Council has produced a certain effect in stopping evil trends. Some problems have been exposed or are being solved. The affirmation of this is of great importance in strengthening our confidence in rectifying party style and thus bringing about a fundamental turn for the better in party style and the social climate as quickly as possible. But it should be noted that many problems have not been solved as quickly and effectively and not as satisfactorily as we would wish. People hope that this situation will change more quickly. This is a very natural and very rational demand. Therefore, in rectifying unhealthy trends, we can never loosen our grip or be lenient, and must continue tightening our grip. Otherwise, we will be seriously divorced from the masses. This would interfere with the consolidation and development of the political situation of stability and unity, and also hinder the smooth progress of reform at home and opening up to the outside world.

To correctly and effectively stop and rectify unhealthy trends, we must assume an analytical attitude toward the source of unhealthy trends and cherish a correct view. If we indiscriminately and simply regard reform and opening up as a cause of unhealthy trends and refuse to make a perfect and concrete analysis of things, that is incorrect. This would also interfere with our persistently uniting the whole party and the people throughout the country in a concerted effort to stop and rectify new unhealthy trends with the same will under the leadership of the CPC Central Committee.

In a speech to Hong Kong and Macao reporters on 9 April last year, Comrade Hu Yaobang pointed out that it is not correct to say that existing unhealthy trends have been caused by reform. Unhealthy trends have been chiefly caused by the influence of the remnants of declining decadent, exploiting-class ideas of the old society and the influence of fast-growing individualism and anarchism during the "Great Cultural Revolution." This provides an important basis for our correctly understanding and analyzing the causes of unhealthy trends.

It must be stressed that certain leadership organs and a small number of party-member leading cadres are guilty of unhealthy practices themselves, become seriously affected by bureaucratism, shield those guilty of crime, abet evildoers with a tolerant attitude, or themselves perform acts that are against the party discipline, administrative discipline, and the law. This has played a not very good or quite a bad part in causing the rise and growth of several evil trends. Therefore, in the current process of rectifying party style and social practices, the masses of cadres and people call on leadership organs and leading cadres involved in the above situation to first set personal examples and take the lead in correcting mistakes.

This is entirely right and proper and is a matter of course. Undoubtedly, in rectifying party style and the style of government and tightening party discipline, administrative discipline, and the restraints of the law, leadership organs and leading cadres must first set examples. Only in this way can quick results be achieved.

The above situation also shows that in some cases unhealthy trends have really been stirred up by certain departments, units, and individuals in the name of reform. Some such trends have to do with certain still imperfect measures taken in reform. Thus, simultaneously with vigorous efforts to stop several unhealthy trends, we must firmly and unswervingly press on with reform of the system, continuously perfect various reform measures, strengthen socialist democracy and the legal system, reinforce inspection and supervision organs, and improve on the inspection and supervision system. If we do not seek to understand and solve problems in this way and instead interpret unhealthy trends indiscriminately and unanalytically as results of reform, then we could very easily be led to the logical conclusion that only by stopping reform can we check and rectify unhealthy trends. This is, or course, also quite out of order.

Upholding reform is where the people's immediate and long-term interests lie and is the only way out for China. Without reform, we cannot talk about anything else. In stopping and rectifying unhealthy trends, the aim is also to better guarantee the smooth progress of reform. In a decision on economic reform, the CPC Central Committee pointed out long ago: "The more developed the economy and the enterprise the greater the need for attention to overcoming the corrupt phenomenon of abusing power to serve private ends and overcoming all acts causing serious harm to the interests of the state and consumers and the greater the need to strengthen the building of party style and party discipline." From this, it can be seen that at a time when the overall reform focusing on the city will be gradually introduced throughout the country, the CPC Central Committee has sounded an alarm to the whole party. Unhealthy trends have arisen and spread precisely because of acts contrary to such fundamental demands put forth by the CPC Central Committee.

Another view is that unhealthy trends are "south winds" stirred up in the special economic zones in the south, or "foreign winds" from the east and the west of our country. Such ways of putting things mean the same thing. It is that the rise of unhealthy is a result of the introduction of the policy of opening up. The CPC Central Committee has time and again pointed out that the introduction of the policy of opening up will bring us many favorable factors and greatly stimulate the modernization efforts of our country. Meanwhile, it will also bring certain unfavorable negative factors, chief among them the influence of Western capitalist decadent and declining ideas and ways of life. It has been pointed out that the latter will become a factor giving rise to new unhealthy trends. People's vigilance has been aroused in resisting and fighting the corrosive effects of capitalist ideas. This is entirely necessary and correct. But if the rise of unhealthy trends is blamed entirely on opening up, that is incorrect. Modernization can never be achieved behind closed doors. From the latter period of the Ming Dynasty to the Opium Wars, our country shut itself off from the world for several hundred years. This resulted in factors responsible for a long period of ignorance and backwardness in our country. We can no longer refuse learning from this painful lesson or experience.

Since the 3d Plenary Session of the 11th CPC Central Committee, the CPC Central Committee and the State Council have been determined to introduce the policy of opening up. This is our lasting fundamental national policy and is a strategic measure to accelerate modernization. If we do not open up, it will be very difficult for us to narrow the gap between our country and developed countries economically and technically. In the "Communist Manifesto," Marx and Engels pointed out long ago: Given the development of the international market by the bourgeoisie, production and consumption are no longer the business of a single country but the concern of the world.

The previous isolated state of various nations has given way to their mutual exchange and interdependence. The development of world history in the 100-plus years since then has increasingly proven the complete correctness of the conclusion of Marx and Engels. In the world of today, given increasingly close international economic ties, competition has become fierce. A new world technological revolution is booming. Opening up is a historical trend as well as a world trend. Experiences of various countries, including those of developed and developing and of various socialist countries, have repeatedly shown that no country can now rely entirely on its own resources, technology, and talent in solving its own economic and technical problems in an absolutely isolated state. The same is true of economically and technically highly developed countries. Any country that is good at exploiting international resources and international market conditions to serve its own development in the economic and technical fields can develop a little more smoothly and progress a little faster. Of course, various countries must proceed from their own national conditions in their approach and cannot follow the same fixed standard in every case. In the past few years, our country has derived many actual benefits from being open. A policy beneficial to the people can never be changed, nor will it change. Of course, we must also note that with the doors opened still wider, good and bad things will all find their way in. Advanced Western science, technology, management, and operation experiences will come in. So will decadent and declining ideas. But we should never stop eating for fear of choking, as a Chinese saying goes. We can only uphold the policy of "doing two things at the same time" repeatedly stressed by the CPC Central Committee long ago. This is to say that we must, on one hand, uphold the policy of opening up to the outside world. On the other, we must, with this as a precondition, resolutely resist the corrosive effects of decadent and declining capitalist ideas and ways of life. If we fail to do so and instead indiscriminately treat openness as a source of unhealthy trends and reject it, that is of course wrong.

In stopping and rectifying unhealthy trends, we must resolutely carry out party and state policies. Based on facts, we must take different approaches to different conditions and handle things correctly, being strict or lenient as appropriate. Conditions and factors responsible for the rise and growth of new unhealthy trends in certain localities, departments, and units may be relatively complicated. But on the whole, they fall chiefly into the following several categories: 1) In reform, people fail to properly study and grasp the CPC Central Committee's guiding ideas on reform and its general and specific policies, have a vague idea of things, lack experience, fail to draw clear lines of demarcation, and err. This should chiefly call for emphasis on education and for summing up experiences and lessons to help in doing a good job of reform in the future. 2) People care nothing for the overall interests of the state and the people, obsessed with a desire to serve the illegitimate interests of particular unit or small group. In this regard, we must first confiscate relevant illegitimate income and must in serious cases administer necessary punishment. We cannot let certain people "spend a period making self-criticisms and a whole lifetime relaxing" and thus reap "actual benefits" -- writing such cases off as "exceptions." The result would be that given the proper soil and climate, they would be doing it with still greater vigor. 3) Availing themselves of reform, people raise the banner of reform but actually act in open defiance of law and discipline, feathering their nests and lining their pockets. In our approach to people of this kind, no matter who is involved, we must never allow connivance and shielding. We must resolutely follow up cases with investigation and action and administer punishment in line with party discipline and state laws. In regard to serious cases of economic crime and criminal cases, we must continue to crack down hard. This, especially, goes without saying.

In a certain sense, we can also view things in this way. The process of carrying out reforms and opening up is also one of continuously rectifying various unhealthy trends. Unhealthy trends existed in the past, exist now, and will also exist in the future. Given a new situation of reform, openness, and a revitalized economy, there are always certain people who see an opportunity to serve their private ends.

They often throw party discipline and state laws to the winds, engaging in various illegal activities and practicing graft. Therefore, in rectifying unhealthy trends, we must first assume a firm attitude. Second, we must make unrelenting efforts and be persistent. Historical experiences tell us that in a certain sense, our party and the state have grown and thrived precisely in the process of continuously overcoming their own defects and mistakes. Mencius said: "Any mistake made by an emperor in ancient times was like an eclipse of the sun or the moon that could be seen by all the people. Anything done to correct it won him the respect of all the people." That unhealthy trends being revealed and gradually eliminated will add luster to our party and will surely enable us to properly handle the matter of reform and openness, which is of decisive significance in modernization.

The aim in our introducing economic reform is to stimulate the development of social productivity through the correct readjustment of the relations of production and the superstructure, to bring about the prosperity and power of the state and the wealth and happiness of the people, and to build socialism with Chinese characteristics. To this end, we must change the previous pattern of being isolated and inflexible and establish a new pattern full of life and vigor. How can a new pattern be established? It cannot drop out of the skies and can only be born out of the old. This determines that the process of reform will naturally be a historical one of the new taking the place of the old and of various complicated conditions surfacing. So long as, in reform, we pursue the correct direction pointed out by the CPC Central Committee, strive to make fewer mistakes and reduce the damage caused by mistakes, and especially guard against the appearance of major mistakes, combining practice with summing up experiences and solving at any time problems of all kinds appearing in the process of reform, we can surely attain the expected goals of reform.

Generally speaking, the main trend in our current economic situation is really very good. This must be fully affirmed; otherwise confidence in our advance will be shaken. Meanwhile, it must also be noted that certain new factors causing instability that appeared in economic life some time ago, though brought under control, have still not been entirely overcome. This can in no way be treated lightly. Otherwise, the consolidation and development of the favorable situation will also suffer. In observing and understanding the situation, we must especially adopt a down-to-earth analytical attitude and must refrain from being carried away as far as to say that everything is good when something is good, or to say that everything is bad when something is bad. We must not only fully affirm achievements but also avoid shunning and covering up problems. We must resolutely adopt correct methods and realistic and effective concrete measures in implementing solutions. Only in this way can we effectively consolidate and develop the existing very favorable situation.

ROLE OF STATE COMMERCE IN PRICE CONTROL VIEWED

HK111121 Beijing GUANGMING RIBAO in Chinese 22 Feb 86 p 3

[Article by Jin Wen: "A Preliminary Probe Into the Question of State Commerce Keeping Prices Down"]

[Text] The Objective Basis for Keeping Prices Down

In order to bring into play the positive role of market mechanism on the socialist unified market, it is necessary to eliminate its negative role by keeping prices down. In the past, state commerce monopolized all business operations, and price controls were extremely rigid. For this reason, the question of keeping prices down was nonexistent.

The development of the socialist commodity economy, the realization of multi-channel operations, price reform, and the extensive use of regulation by market mechanism will inevitably bring price fluctuations. Only when we succeed in keeping these fluctuations within a certain scope will it be possible to effectively stimulate the development of commodity production and to promote the rational distribution of capital, labor, and resources in various production departments. However, when price fluctuations exceed a certain limit, they will play a negative or destructive role. For example: A steep rise in the prices of certain commodities in short supply may encourage producers to reduce product quality; may provide loopholes in the circulation field, which can be taken advantage of by middlemen to reap superprofits; and may make it difficult for consumers of the means of subsistence and production to withstand strain. A steep drop in the prices of certain commodities in excessive supply (including those temporarily in excessive supply) may hit producers hard. Once most consumers and producers suffer insupportable losses through drastic changes in the prices of certain commodities, unstable factors will emerge, and economic development is apt to become unbalanced. However, people are not powerless against this situation. One of our effective means is to keep prices down. Moreover, as long as we develop the socialist commodity economy and strive to create a flourishing and stable market, keeping prices down becomes indispensable.

The more acute the contradiction between supply and demand, the more necessary it is to keep prices down. Since the 3d Plenary Session of the 11th CPC Central Committee, the aggregate supply of social commodities has increased considerably. By and large, however, we still fail to meet the people's consumption demand and, to a considerable extent, to adapt ourselves to changes in the consumption pattern. Normally, when the prices of certain commodities soar as a result of demand exceeding supply, it is necessary to quickly transfer capital and labor to other production departments or trades in order to achieve a balance between supply and demand in these fields. However, the market mechanism in our country is still imperfect. This, coupled with various other factors, such as the systems of ownership, employment, and capital management, makes it impossible for capital and labor to react flexibly to price fluctuations on the market. Thus, it is increasingly difficult to bring the momentum of price hikes under control. At a time like this, keeping prices down is apparently more important than it was before.

In order to reduce certain defects in price reform, it is also necessary to keep prices down. Price reform constitutes an important and complicated task in the economic structural reform. With the crisscross links among thousands of commodities and innumerable variables, the chain reaction is both quick and strong. Losing control over the amount of cash and credit in circulation may jeopardize price stability. Moreover, it is difficult to accurately forecast the scope and intensity of the chain reaction resulting from the price adjustment of some important products. Under such circumstances, a loss of balance between supply and demand and a steep rise in the prices of some commodities are not only possible but can hardly be avoided. However, it is entirely necessary to reduce the consequent losses. To this end, we should apply the means of keeping prices down when necessary.

The essence of keeping prices down refers to the conscientious and active participation of state commerce in commodity exchange under government guidance in order to curb great fluctuations in the prices of some important commodities. It has a clear-cut aim and stresses macroeconomic results and social benefit. It does not take profit-making as its prime objective. It achieves its aim by using economic strength and market mechanism. This is different from the use of administrative means to restrict or freeze prices.

Who is chiefly responsible for keeping prices down? The socialist state commerce. As an enterprise, the state commerce has its own economic interests and should strive to attain better economic results.

But it has to assume the responsibility of safeguarding the overall economic results, social benefit, and social stability. Keeping prices down is a major aspect of its social responsibility. Moreover, the assets, facilities, and staff of state-owned commercial enterprises are incomparably superior to those of the collective and individual enterprises. This provides conditions for keeping prices down. Since state-owned commercial enterprises have both responsibility and power, they are duty-bound to keep prices down.

Major Fields in Which Prices Should Be Kept Down

Neither the prices of all commodities nor the prices in all fields of commodity exchange should be kept down. Only the prices of some commodities and in some fields vital to the national economy and the people's living standard should be kept down.

The first category includes those agricultural and sideline products having a close bearing on the people's livelihood. This refers to key commodities indispensable to the people's livelihood, such as grain, edible oil, vegetables, meat, fowl, eggs, and aquatic products. In agriculture, crop cultivation is carried out in line with guidance planning. Moreover, because some peasants are neither familiar with the market nor well-informed, it is inevitable that there should be certain disorder in production, bringing about fluctuations in the output of grain, edible oil, and industrial crops, as well as the number of hogs raised. Moreover, agricultural production is restricted by such factors as the weather and seasons; the supply of agricultural and sideline products is affected by people's customs and habits. The ensuing fluctuation in commodity supply between the good and bad harvest years, between peak and off-peak seasons, and between the red-letter and normal days can easily lead to a steep rise or drop in prices. According to a recent survey of family living standards, food and nonstaple food respectively account for 50-60 percent and one-third of the per capita outlays of urban residents on living expenses. Nonstaple food and grain are indispensable to the people's livelihood. They account for a considerable portion of their living expenses. Violent fluctuations in the prices of these commodities are apt to affect every household. With the relaxation of price controls in this field, it is even more necessary for the state commerce to take part in the work of regulating and keeping prices down. Since price controls on the nonstaple food market were relaxed, this issue has already attracted close attention; when the state monopoly for the purchase of grain is abolished, this issue will also be brought out into the open.

The second category involves the important means of production indispensable to most enterprises. The socialist market system that will take place in the Seventh 5-Year Plan period includes the market for the means of production. With the commercialization of the means of production, the commodity supply and marketing departments become commercial enterprises and a sizable portion of the means of production have entered trade centers. Once the means of production, which were previously allocated through planning, are exchanged on the market, their prices will inevitably be affected by the contradiction between supply and demand. The ensuing great fluctuations will have an extremely great impact on the enterprises concerned. In this field, the importance of keeping prices down will be increasingly obvious. Take, for example, steel products, cement, timber, and coal, which are currently in very short supply. Partly sold by the enterprises themselves, these commodities have entered the market. The future trend is that the enterprises will retain a greater proportion of these products, which will be sold by the enterprises themselves. The prices of these raw materials and fuel, not only in short supply but also playing a regulatory role on the market, are likely to rise after changing hands several times in circulation so that production consumers can hardly afford them. By vigorously carrying out extra-budgetary purchasing and marketing activities and satisfactorily organizing the supply of goods (not allowing many speculators to have a hand in them) the commodity supply and marketing departments and the trade centers will be able to prevent the prices of these commodities from skyrocketing.

To handle well the question of keeping prices down after important means of production enter the market, it is also necessary to take domestic and foreign trade into overall consideration. When the prices of some means of production soar on the domestic market, it is necessary to increase imports; when the prices of some means of production slump, it is necessary to reduce imports.

The commodities in the above-mentioned fields involve a wide range of issues, and demand for them varies very slightly. For this reason, if prices fluctuate violently, a very strong social reaction will certainly be produced.

Basic Measures for Keeping Prices Down

In keeping down prices, state commerce should adopt the following measures:

First, it should do a good job in market forecast. In line with the law governing changes in market conditions, it is first necessary to study market demand (structure and amount), supply of goods, contradiction between supply and demand, and the trend and scope of price fluctuations. On this basis, plans for purchase and sales and for production and sales should be formulated in readiness for keeping prices down. The measures for keeping prices down must be taken appropriately and at the right time. When keeping prices down, state commerce should not only muster sufficient strength promptly but also avoid paying out money for little result.

Second, state commerce should give play to its powerful role of "taking in and sending out" commodities in large quantities. The state commerce gives play to its role of keeping prices down in an economic environment characterized by multichannel operations, fluctuating prices, and competition. The most authoritative way to do this is through commodities. However, since most of the commodities whose prices should be kept down are in short supply (such as vegetables, meat, fowl, and eggs), this makes it necessary for the state commercial enterprises to exploit their advantages. They should compete with individual and collective commercial enterprises in the purchase of commodities, use their financial and material resources to establish a stable relationship of commodity supply with producers, and thus control relatively stable bases for commodity supply. Meanwhile, state commerce should also rationally put some commodities in storage to facilitate balanced supply or bulk selling whenever prices are up.

Third, state commerce should observe the price policy in an exemplary way. As the main channel for commodity circulation, state commerce has a commanding influence on price fluctuations. Therefore, so long as state commerce does not drive up the prices of those commodities in short supply and nor sell them out, prices will be unlikely to soar. If state commerce takes the lead in driving up prices, the price index will certainly rise at an accelerated speed. By and large, the negative influence exerted by state commerce when it violates the price policy is greater than the positive influence it exerts when it observes the price policy.

Fourth, state commerce should seize the necessary initiative in terms of both time and space. In addition to the factor of short supply, monopoly business operations may also lead to price rises. Where there are individual and collective commercial enterprises, a situation of their seeking superprofit through monopoly prices is likely to emerge. Therefore, the activities of state commerce should always be noticed when and where prices should be kept down. Take vegetables and other nonstaple food for example. If the state commerce shops are few and far between and their office hours are short, a monopoly situation by individual vendors will emerge in some areas and at most times, prices may soar, and the role of the state commerce in keeping prices down will weaken noticeably.

YANG SHANGKUN AT PLA FINANCE DISCIPLINE MEETING

OW120951 Beijing XINHUA Domestic Service in Chinese 1623 GMT 11 Mar 86

[By reporter Wu Kelu]

[Text] Beijing, 11 Mar (XINHUA) -- The all-Army conference on inspection of financial and economic discipline closed today. The conference emphasized that to improve the PLA's financial and economic discipline through inspection is conducive to correction of unhealthy tendencies, to promotion of all reforms, and to furthering the strengthen-reducing reorganization. The conference, held in accordance with a Central Military Commission's decision, was a group training for the personnel who will participate in the forthcoming general inspection of financial and economic discipline.

Responsible persons of the Central Military Commission Yang Shangkun, Yu Qiuli, Yang Dezhi, and Hong Xuezhi attended and addressed the meeting. They pointed out: Many unhealthy tendencies are caused, either directly or indirectly, by lax financial and economic discipline and by violation of discipline. In order to strive for a fundamental improvement of party style in the PLA, it is necessary to do a great deal of arduous and meticulous work, and the general inspection of financial and economic discipline is an important part of the work. The inspection is designed to expose some problems concerning violation of financial and economic discipline, promote the improvement of the PLA's work style and discipline, and further foster a work style of hard struggle. The PLA will be unable to have a high morale and strong fighting power if it does not have a work style of hard struggle. To abandon the work style of hard struggle is to discard the basis of Army building. Therefore, to advocate and display a spirit of doing hard pioneering work is of even greater significance to the PLA. The inspection is also designed to improve the PLA's logistic work and to ensure that limited military funds are spent economically and rationally where they are most needed to yield the maximum results.

The conference began on 5 March. After serious discussion and study, it set four demands for the forthcoming general inspection of financial and economic discipline: 1) to ensure that all major problems of violation of financial and economic discipline are thoroughly investigated; 2) to ensure that all problems are dealt with as they should be; 3) to ensure that measures to strengthen management and eliminate loopholes are formulated; and 4) to ensure that the masses are generally educated by the inspection, unhealthy tendencies are stopped, and a general practice of observing law and discipline by everyone is fostered.

It is reported that in order to strengthen leadership over the inspection, an all-Army leading group for the general inspection of financial and economic discipline has been set up by the Central Military Commission. Hong Xuezhi, deputy secretary general of the Military Commission, serves as its head and Guo Linxiang, secretary of the Discipline Inspection Commission of the Military Commission, as its deputy head. The inspection will begin in all all-around way in early April.

YAO YILIN INSPECTS SHENGLI OIL FIELDS, WORKERS

SK120800 Jinan Shandong Provincial Service in Mandarin 2300 GMT 11 Mar 86

[Text] On his recent inspection tour of the Shengli oil fields, Yao Yilin, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, pointed out: During the implementation period of the Sixth 5-Year Plan, petroleum departments throughout the country have scored great achievements in production and should continuously carry forward the spirit of arduously doing pioneering work during the Seventh 5-Year Plan.

They must concentrate their efforts on making a success of petroelum production and fulfilling the plans and targets in order to meet the demands set for achieving the prosperous development of the national economy.

Vice Premier Yao Yilin made an inspection tour of the Shengli oil fields from 3 to 5 March. During his inspection tour he heard reports made by the oil field authorities with regard to oil field developments made in the implementation period of the Sixth 5-Year Plan, the plans set for the implementation period of the Seventh 5-Year Plan, the plans set for the implementation period of the Seventh 5-Year Plan, and the basis achievements and development targets made by Dongying City in developing oil production. In praising the great achievements scored by the Shengli oil fields in the implementation period of the Sixth 5-Year Plan, he stated: The oil fields have again successfully made progress in development and have a prosperous future thanks to the efforts exerted by the broad masses of staff members of workers throughout the oil fields and the good policy issued by the State Council with regard to enforcing the contract systems. The national economy now has had included a new step in the implementation period of the Seventh 5-Year Plan, which is the great development of oil production required to both meet domestic demand and earn foreign exchange through exports. In a sense, where there is no oil, there is nothing. For example, the delta of the Huang He in the province has brought local prosperity while developing the oil fields. Otherwise the delta area would take an endless time in achieving development. On hearing the report given by oil field authorities with regard to building the treatment plant for coal tar, Vice Premier Yao Yilin emphatically pointed out: The task of treating coal tar constitutes a new problem. The key to making a success in the task lies in achieving economic returns. All work to fulfill the task, such as carrying out surveys, appraisals, and purchasing equipment, should be earnestly studied in order to achieve higher economic results.

On his inspection tour, Vice Premier Yao Yilin was full of zest in inspecting the super-highway in the oil field area, the (Guangli) berth that is under construction, and the projects for the sea port at the Huang He mouth, as well as large reservoirs. He also visited poultry farms and fishery ponds run by farms and sideline bases along the beach of Laizhou Bay. He expressed his satisfaction at the achievements scored in developing a diversified economy, supplying nonstaple foodstuffs such as meat, eggs, milk, poultry, and fish to the staff members and workers of the oil fields, and in being responsible for their own losses and profits.

On his inspection tours of the (Guzhong) and (Gubei) oil fields on the coast of the Bo Hai, upon clearly seeing more than 20 oil wells drilled from only one platform built on the Bo Hai beach, Vice Premier Yao Yilin happily stated: This is a good method. Then he highly praised the death-defying spirit displayed by oil workers and staff. Vice Premier Yao Yilin also made an inspection tour in the Qilu petrochemical company from the afternoon of 5 March to 6 March. On 8 March Vice Premier Yao Yilin was briefed by the responsible comrades of the provincial CPC Committee on the situation prevailing in the province's work. On the morning of 9 March, Vice Premier Yao Yilin visited the no 1 knitwear mill and the motor vehicle plant in Jinan City. Accompanying Vice Premier Yao Yilin in making the inspection tours were Li Jing, vice minister of Ministry of Petroleum Industry; and Mong Yimin, adviser to the provincial people's government.

CENTRAL LEADERS MEET LIAONING FLOOD WORKERS

OW130459 Beijing XINHUA Domestic Service in Chinese 1600 GMT 12 Mar 86

[By reporter Chen Xiang'an]

[Text] Beijing, 12 Mar (XINHUA) -- At Huairan Hall in Zhongnanhai today, central leading comrades Hu Qili, Li Peng, and Deng Liqun met with members of a briefing group on the advanced deeds of Liaoning armymen and people in combating floods and helping flood-stricken people.

The leading comrades pointed out: The success of Liaoning in combating floods and providing disaster relief shows that we have a good party as well as good people and good army men; our cause is full of promise, and we can surely attain the grand objectives set by the party Central Committee. The hall was filled with a cordial and warm atmosphere. After taking a group photo, the central leading comrades and the members of the briefing group, sitting in a circle, chatted with each other. The central leading comrades asked in detail about the people's production and life in the flood-stricken areas and were briefed on how the army men and people in Liaoning successfully controlled last year's large floods. When the briefing group told the leading comrades about the important role played by the cadres, party members, and PLA commanders and fighters in bravely combating the floods to protect Panjin at a crucial time, Hu Qili happily stood up and firmly held the hand of He Xinzhou, director of a PLA engineer corps department who made outstanding contributions during the struggle, and praised Liaoning's cadres, party members, and masses for working hard together to defeat the floods and for having played a role in promoting the building of spiritual civilization, a role that should not be underestimated. Hu Qili said: Since the 3d Plenary Session of the 11th CPC Central committee, has our party's prestige between enhanced or lowered, have relations between the party and the masses become closer or estranged, and has party style generally become better or worse? Liaoning's success in combating floods has answered this question. The answer is that in general, our party's prestige has been enhanced, party-masses relations have become closer, and party style has become better. Of course, we should not overlook the unhealthy tendencies that indeed exist. As we are vigorously promoting our work in all fields at present, we should carry forward the spirit of combating floods and continue to advance.

Yu Qiuli said to PLA representatives in the briefing group: Your success in combatting the floods is significant in three respects. First, you have carried forward the PLA's glorious tradition of wholeheartedly serving the people and fearing neither hardship nor sacrifice. Second, you have demonstrated the concrete results of the PLA's efforts to build spiritual civilization. Third, you have built closer Army-government and Army-people relations. He called on PLA commanders and fighters to give credit to the party and the people and continue to exert themselves in making new contributions to the four modernizations.

When told about the situation of production and life in the flood-stricken areas, Li Peng said: I am deeply moved by your briefing. It was outstanding that the army men and people rose to combat the floods. It was also outstanding that after the floods, the people resumed production in self-reliance, and no one froze or starved to death during such a big disaster.

Deng Liqun called on all propaganda workers to learn from the good deeds and spirit of the army men and people of Liaoning in combating the floods; publicize advanced thinking and heroic persons in connection with the antiflood struggle; and explain with facts that our party and our Army indeed have great fighting strength.

Present at the meeting were Zhu Houze, director of the Propaganda Department of the CPC Central Committee, and Zhou Wenyuan, deputy director of the General Political Department.

'GRATIFYING TRENDS' IN LATERAL ECONOMIC TIES

OW130503 Beijing XINHUA Domestic Service in Chinese 1319 GMT 12 Mar 86

[By RENMIN RIBAO reporter Dai Yuqing and XINHUA reporter Xu Yaozhong]

[Excerpts] Beijing, 12 Mar (XINHUA) -- These reporters have learned from the State Economic Commission: There are five new gratifying trends in lateral economic ties among regions and enterprises that have developed in the course of reform.

Guided by the policy of invigorating the domestic economy and opening to the outside world, the lateral ties among regions and enterprises developed rapidly with the deepening reform of the economic structure and the expansion of decision-making power for enterprises during the Sixth 5-Year Plan. According to incomplete statistics, 35,000 projects for economic and technological cooperation were signed across the country in 1985, more than 10 times the figure of 1981; the value of material cooperation was over 16 billion yuan, increasing more than 4 times over 1981; and 50,000 people participated in the interflow of qualified personnel. During the Sixth 5-Year Plan, regions, departments, cities, and enterprises signed 70,000 projects for economic and technological cooperation, and the value of such material cooperation totaled 34 billion yuan. The new trends emerging in our country's lateral economic ties are:

1. Enterprises are combining themselves into groups. As a result, a large number of new interregional, multitrade joint economic enterprises and associations of enterprises under different systems of ownership have appeared. For example, the no 2 automobile factory has cooperated with more than 100 enterprises in over 20 provinces and regions in setting up the Dongfeng Joint Operation Corporation to develop the production of 5-metric-ton trucks.
2. Regional association and coordination have been strengthened. The joint meeting of the Shanghai Economic Region, the joint meeting on economic cooperation among the two municipalities and three provinces in north China, and the economic coordination meeting of four provinces and one autonomous region in southwest China with Chongqing as their center are regional association of this kind.
3. Technological cooperation has become the main aspect of lateral economic ties. Some 19,000 projects for technological cooperation were signed in various parts of the country in 1985, twice the figure of the previous year; technological cooperation projects accounted for 60 percent of all lateral cooperation projects.
4. Lateral economic ties are developing steadily on a long-term basis. The deepening reform of the economic structure will gradually reduce the scope of mandatory planning. One-time, scattered economic and technological cooperation of the past can no longer meet the needs of economic development, and many regions and enterprises urgently want to build long-term, relatively stable, and close lateral economic ties and cooperation.
5. New developments have been made in supporting and establishing lateral economic ties with old revolutionary base areas, areas inhabited by minority nationalities, as well as border and poverty-stricken areas. Giving support to such areas is an important strategic task assigned by the central authorities to economically developed provinces and municipalities, which is of far-reaching significance to invigorating the national economy and strengthening border defense and national unity.

LEADERS URGED TO SOLVE SPRING FARMING PROBLEMS

HK110930 Beijing Domestic Television Service in Mandarin 1100 GMT 9 Mar 86

[From the "News Hookup" program's announcer-read untitled editor's note, focusing on spring farming problems in China]

[Text] Leaders of the Hongan County CPC Committee in Hubei Province have gone right to the frontline of spring farming to relieve the peasants from all anxieties and to solve the peasants' problems. This kind of work style of the leadership deserves commendation. Spring farming production work has already started on a full scale. Many areas are short of electric power and fertilizer.

Some areas even do not have any diesel oil and their tractors are idle. The peasants earnestly hope that leaders at all levels will help them solve problems. However, leading comrades of some areas have not shifted their main [zhu yao] energies to activities for promoting spring farming production. They are still immersing themselves in holding meetings and in handling documents, and are still acting unhurriedly. Meetings should be held and documents should be handled. However, if we immerse ourselves in a great number of meetings and in a sea of documents, we will be unable to carry out practical work. Leaders at all levels are duty-bound to provide the peasants with all kinds of services and to adopt sound measures for overcoming the peasants' actual difficulties.

NEW POWER SOURCES TO BE PRESSED INTO SERVICE

HK120843 Beijing ZHONGGUO XINWEN SHE in Chinese 0631 GMT 11 Mar 86

[Report: "China Will Simultaneously Tap Thermal, Hydro, and Nuclear Power To Relieve Electricity Shortage"]

[Text] Beijing 11 Mar (ZHONGGUO XINWEN SHE) -- Mainland China is at present suffering from a serious shortage of electricity. The authorities concerned have decided on the simultaneous tapping of thermal, hydro, and nuclear power; the simultaneous operation of large, medium-sized, and small power stations; the simultaneous operating power plants at central and local levels; and the simultaneous use of investments from home and abroad in the coming 5 years to relieve the situation as quickly as possible.

It was learned that last year China lacked 45 to 50 billion units of electricity and equipment for generating 12 million kilowatts of power. As a result many factories in various areas stopped or limited production, or observed "3 days of opening and 4 days of closure" (3 days of operation and 4 days of suspended production in a week to save electricity). This has become the phrase frequently used by people in the business world to describe this situation. Individual areas were also provided with barely enough electricity to meet people's everyday needs.

In the coming 5 years, China will enlarge the scale of tapping electric power. It is estimated that by 1990, annual electric output will reach 550 billion units, an increase of 140 billion units over last year. The capacity of power stations put into operation in the 5 years will reach more than 34 million kilowatts of electricity, an increase of around 7 percent over the period of the Sixth 5-Year Plan. More than 3,500 kilometers of 500,000-volt transmission lines will be set up, 1,000-plus kilometers more than in the past 5 years or so.

During the period of the Seventh 5-Year Plan, China will still concentrate on thermal power as the core of its effort to tap power. Thermal power will, in this period, account for 70 percent of the total power-related construction projects. By 1990, thermal power output will show an increase of 110 billion units over the 310 billion or so units last year.

At present, China has more than 130 thermal power stations with installed capacities exceeding 100,000 kilowatts. In the future, in Shanxi, Nei Monggol, Anhui and other main coal-producing areas, a large number of large-sized power plants will be built near mining areas and pits, and a number of power plants in coastal harbor areas. In areas convenient for coal transportation, a number of power plants will also be established.

NEW ANHUI GOVERNMENT OFFICIALS APPOINTED

OW130804 Hefei ANHUI RIBAO in Chinese 2 Mar 86 p 1

[Text] Namelist of appointments and removal by the Anhui Provincial People's Congress Standing Committee

(Adopted at the 20th Session of the 6th provincial People's Congress Standing Committee on 1 March 1986)

The following decisions were made on the basis of a proposal submitted by Governor Wang Yuzhao:

1. Appointments:

Lu Tingzhi [7120 1656 2784] is chairman of the Anhui Provincial Education Commission;

Zhou Yueli [0719 2574 4409] is chairman of the Anhui Provincial Rural Economic Commission; and

Nie Guangwu [5119 1639 2976] is director of the Anhui Provincial Coal Industry Department.

2. Removal:

Zhu Yang [2612 2254] is removed from the post of director of the Anhui Provincial Coal Industry Department.

CHEN GUANGYI REPLACES XIANG NAN AS FUJIAN SECRETARY

HK121524 Beijing ZHONGGUO XINWEN SHE in Chinese 1445 GMT 12 Mar 86

[Report by Zhou Jingluo: "Chen Guangyi Replaces Xiang Nan as Secretary of Fujian Provincial CPC Committee" -- ZHONGGUO XINWEN SHE headline]

[Text] Fuzhou, 12 Mar (ZHONGGUO XINWEN SHE) -- This evening, Chen Guangyi, the newly appointed Fujian Provincial CPC Committee secretary, met responsible persons from various quarters at Fuzhou's Xihu Hotel. Xiang Nan, who will soon be transferred to Beijing, warmly presented Chen Guangxi to the people present and expressed his hope that people from all quarters would make joint efforts to develop Fujian's excellent situation.

Chen Guangyi, a native of Fujian's Putian County, was previously governor of Gansu and Gansu Provincial CPC Committee secretary. In 1953, he graduated from the Department of Metallurgy at Northeast Polytechnic and joined a central metallurgical design department in the same year. He has worked in Gansu for a long time.

Still with his Fujian accent, Chen Guangyi affectionately said: "As a native of Fujian, I am glad that I can join you in the construction of my native province."

Chen Guangyi stressed: "The most important thing is unity. It is necessary to unite the people of the province and those overseas compatriots who are concerned about Fujian, to arouse the enthusiasm of all parties, to adhere to the policy of reforming and opening up the country to the outside world, and to make Fujian's Seventh 5-Year Plan a great success, in order to enable Fujian to take the lead in the four modernizations."

He praised Fujian for its achievements and changes over the past 5 years and expressed his respect for Xiang Nan, who has contributed much to Fujian's construction.

Both Hu Ping, governor of Fujian, and Hu Hong, chairman of the provincial Advisory Commission, also spoke on the occasion.

JIANGSU'S HAN PEIXIN, OTHERS ATTEND MEETING

OW130353 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 10 Mar 86

[Excerpt] The party committee and the committee on five stresses, four beauties, and three loves of the provincial-level organs called a meeting in Nanjing today to exchange experience in building spiritual civilization among provincial-level organs.

In his speech at the meeting, Shen Daren, deputy secretary of the provincial party committee, said: All comrades of the provincial-level organs, leading cadres at all levels in particular, should diligently study the speeches by Hu Yaobang and other central leading comrades at the meetings of cadres of central organs. They should play an exemplary role in building spiritual civilization in their own units.

Attending the meeting were responsible comrades of the provincial party committee and the provincial government Han Peixin, Chen Huanyou, and Sun Jiazheng, as well as responsible persons of the Nanjing Military Region Political Department, the provincial military district, the Nanjing city government, the provincial Discipline Inspection Commission, and other provincial departments concerned.

NANJING MILITARY REGION DISCUSSES PARTY STYLE

OW130525 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 11 Mar 86

[Text] To guarantee the fundamental improvement of PLA units' party style, the Nanjing Military Region has established a responsibility system to help party secretaries grasp party style. At the three-level party secretaries' discussion meeting, which closed on 8 March, Xiang Shouzhi, secretary of the regional party committee, said: The key to a unit's good party style lies in the party committee. The secretary and deputy secretaries of a party committee must set a good example and conscientiously shoulder the responsibility of grasping the party style well. First, they must grasp the party style of all members of the party committee well. They must lead members of the party committee in analyzing themselves and exposing shortcomings. They must not wait for the higher-level unit to criticize them by name or for the masses to expose them. They must not compare themselves to their neighbors. All unhealthy trends among members of party committees must be criticized and curbed before the end of May.

Second, it is necessary to uphold principle. Facing unhealthy trends and evil practices, all of us must act in strict accordance with the Central Military Commission's related documents and criteria. No one is allowed to deliberately violate discipline or break regulations. Whenever we vote, we must adhere to party spirit and principle. We must not compromise our principles. We must guard against favoritism.

Third, it is necessary to personally investigate and handle important cases. It is necessary to organize comrades with strong party spirit to handle these cases.

Fourth, it is necessary to conduct education in party spirit, ideals, and discipline among PLA units and to organize these units to launch activities to correct party style; overcome individualism, liberalism and departmentalism; and restore our party's fine traditions.

Fifth, we must implement policy, be meticulous in guiding units, and make sure the party style is being corrected in a healthy way.

The discussion meeting also called for setting a deadline for curbing the unhealthy trends which have already been exposed. In the second half of this year all cases must be checked individually before acceptance. Party secretaries and deputy secretaries will be held responsible for cases which fail to pass inspection.

RUI XINGWEN INTERVIEWED AFTER SHANGHAI ELECTION

OW130647 Shanghai City Service in Mandarin 0100 GMT 11 Mar 86

[Excerpts] Reporters interviewed Rui Xingwen, newly elected secretary of the Shanghai Municipal CPC Committee, at the small auditorium of the municipal party committee building on the afternoon of 10 March.

[Begin recording] [Unidentified reporter] The party congress, which has just closed, has drawn a new blueprint for transforming and developing Shanghai. Please comment on how to implement the guidelines of the congress after its close and carry out the tasks it put forward.

[Rui Xingwen] I think that, first, we should truly turn the resolutions into a common goal for the more than 860,000 party members and 12 million people in Shanghai Municipality. Second, we should ensure that our principles, policies, tasks and objectives are carried out by every department, organization, and person. Third, the vast number of CPC members and leading cadres should set good examples and take the lead in exemplarily implementing the resolutions, and all our party organizations should truly play the role of fighting bastions. Fourth, the proposal for the Seventh 5-Year Plan and the work report adopted by the congress concern many things, including the building of material and spiritual civilizations. The 5-Year Plan is a large systems engineering project, with the emphasis on an overall point of view. We must consider the interests of the whole and take a position on that. Fifth, in the course of attaining big goals, such as the 5-Year Plan, new difficulties are unavoidable. We should consider realities, stress investigation and study, and emphasize a firm and indomitable spirit. [end recording]

On the current production situation, comrade Rui Xingwen said that it was not good in January and February, primarily because the supply of raw and processed materials was strained, and people had not yet been ideologically used to shift from a mandatory to a guidance plan. He urged the industrial department not to slacken its production work even for just a day. He said that there are still great hopes this year if the production in March increases by a big margin.

In the 9 months since he came to work in Shanghai, Comrade Rui Xingwen has had profound thoughts and feelings about visiting grass-roots units and conducting investigation and study there.

[Begin Rui Xingwen recording] During the visits with the masses, I have found that those at grass-roots units are active, vigorous, and creative. I have been enlightened since I visited several grass-roots units. [end recording]

Then, he discussed the necessity for the leading organ of the new municipal party committee to have a good work style.

[Begin Rui Xingwen recording] Therefore, it is particularly necessary for us to modestly learn from the masses. Another very important thing for the new leading body is to rally around the party Central Committee and bring into play our collective and unified fighting power.

The third thing is for us to constantly study theories, integrate theory with practice, form close ties with the masses, conduct criticism and self-criticism, and constantly enhance our working ability. These are very important. [end recording]

Comrade Rui Xingwen also answered reporters' questions concerning the building of socialist spiritual civilization, the role of reform in the course of transforming and developing Shanghai, how to attract and use investment by foreigners and Overseas Chinese, and the improvement of financial and trade work.

RUI XINGWEN, JIANG ZEMIN PLANT TREES IN SHANGHAI

OW090555 Shanghai City Service in Mandarin 1100 GMT 8 Mar 86

[Text] Some 150 newly-elected members of the Shanghai Municipal CPC Committee, the municipal Advisory Commission, and the municipal Discipline Inspection Commission participated in tree-planting in (Senlin) Park on the afternoon of 8 March. They included Rui Xingwen, secretary of the municipal party committee; Jiang Zemin, Yang Di, Huang Ju, and Wu Bangguo, deputy secretaries of the municipal party committee; Chen Cuodong, chairman of the municipal Advisory Commission; Zhao Xingzhi, vice chairman of the municipal Advisory Commission; Zhang Dinghong, secretary of the municipal Discipline Inspection Commission; and Comrade Hu Lijiao. The more than 300 trees planted by them have added to the beauty of spring in the park. The leading members of the municipal party committee pointed out: Tree-planting is an important task for the development of Shanghai and improvement of its urban area. Leadership at all levels must attach importance to the task.

ZHEJIANG'S WANG FANG, OTHERS PLANT TREES

OW130517 Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 11 Mar 86

[Text] To greet Arbor Day, more than 400 cadres of the provincial party committee, the provincial government, and the provincial military district took part in voluntary tree-planting activities at Hangzhou's Xi Hu Scenic area this morning.

Leading comrades of the provincial party committee and the provincial government Wang Fang, Sue Ju, Chen Fawen, Shen Zulun, Luo Dong, Li Dexin, and (Liu Xiansheng); Tie Ying and Cui Jian, chairman and vice chairman of the provincial Advisory Commission; Li Fengping and Li Yuhua, chairman and vice chairman of the provincial People's Congress Standing Committee; Wang Jiayang, chairman of the provincial CPPCC Committee, and vice chairmen He Zhibin, Jiang Cisheng, Qiu Qinghua, and (Zhang Shaowen); as well as Li Qing, commander of the provincial military district; Yang Shijie, deputy commander; and Shi Lei, deputy political commissar, took part in the tree-planting activities.

GUANGDONG SECRETARY HEARS EXEMPLARY DEEDS REPORT

HK110841 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 7 Mar 86

[Text] This morning, the Guangdong provincial advanced exemplary deeds report group held its first report meeting in the Zhongshan Memorial Hall, Guangzhou. Some 5,000 cadres of the provincial and city party and government organs and people's organizations and PLA units stationed in Guangzhou listened to the advanced models' reports on their heartening deeds. Before the report meeting was held, responsible comrades of the provincial and city party, government, and Army, including Lin Ruò, Xie Fei, Liu Weiming, Liang Lingguang, Zhong Ming, Kuang Ji, He Baosong, Zhang Xudeng, (Wu Changfang), Xu Xhijie, and (Liu Yanzu), met all the comrades of the advanced exemplary deeds report group. They also attended the report meeting.

At the report meeting, (Ye Qing), a teacher at the Guangzhou College of Traditional Chinese Medicine, first informed the meeting of the advanced deeds and the outstanding contributions made by (Li Guaqiao), vice president and associate professor at the Guangzhou College of Traditional Chinese Medicine. The Malaria Research Office, led by him for 18 years, contributed to the prevention and treatment of and scientific research in malaria in the mountainous areas in Hainan and the border areas of Yunnan. After that, Comrade (Li Guoqiao) delivered a speech. He said: If people say that the comrades of the Malaria Research Office and I have made some achievements, these are only a part of the achievements of all the people of the whole province. He declared: We must learn from other advanced exemplary figures and from the comrades around us. We must build the Malaria Research Office into an advanced unit worthy of the name.

(Tan Weifang), deputy director of the Guangzhou Hygiene Disposal Plant; (Bi Jiang), representative of the Guangzhou-Kowloon Group No 2 of the Guangzhou Railroad Bureau; (Xu Jianchao), deputy leader of team No 719 of the Provincial Geology and Mineral Product Bureau; (Chen Zhongzhi), legal medical expert of the provincial Public Security Department; and (Liang Qisheng), a teacher at the Sanya City Second Middle School, also respectively informed the meeting of their advanced deeds. Their reports often won warm applause.

After the advanced models informed the meeting of their advanced deeds, Lin Ruò, secretary of the provincial CPC Committee, spoke. He said that the moving deeds and lofty ideas of the provincial advanced exemplary deeds report group are the valuable spiritual wealth of all the people of the whole province and are good teaching materials for us to conduct education in ideals, morality, culture, and discipline. CPC committees and governments at all levels must attain great importance to these reporting activities. Through learning from the deeds of the advanced models, we must help the cadres and the masses pursue communist ideals and beliefs.

GUANGXI RADIO URGES CADRES TO SET EXAMPLE

HK110631 Nanning Guangxi Regional Service in Mandarin 1100 GMT 6 Mar 86

[Station commentary: "Leading Cadres Should Set a Good Example in Rectifying Party Style"]

[Excerpts] At present, bringing about a basic turn for the better in party style at an early date is a requirement in properly carrying out reform and economic construction, as well as an urgent desire of party members, cadres, and the masses.

To rectify party style, the essential thing is that leading cadres must themselves set an example. The formation of our party's fine style has been closely linked to the exemplary role played by our party's leadership organs and leading cadres. If leading cadres have a pure party style, they can set a good example to party members and cadres and promote the work as a whole. To play an exemplary role in rectifying party style, leading cadres must earnestly study speeches delivered by central leading comrades at the central organ cadres rally, correct their guiding thought, and unify their ideas. It is necessary to uphold the principle of building the two civilizations simultaneously. On the one hand, they must grasp construction; on the other, they must pay attention to rule by law.

Leading cadres must unceasingly eradicate political liberalism and bureaucratism in their style, go deep into the masses to conduct study and investigation, improve their style, and raise efficiency. Meanwhile, they must dare to deal with others' affairs related to party style, care to correct various malpractices, and dare to investigate and deal with cases of violation of discipline, particularly important and major cases. They must dare to remove obstacles and seriously deal with cases to uphold the principle of everybody being equal before the law and discipline. Only thus, is it possible to thoroughly improve party style in the future.

GUANGXI LEADERS PLANT TREES ON ARBOR DAY

HK130215 Nanning Guangxi Regional Service in Mandarin 1100 GMT 12 Mar 86

[Excerpts] Regional party, government, and Army leaders took part in tree-planting activities in Nanning on 12 March. They included Chen Huiguang, Wei Chunshu, Jin Baosheng, Tao Aiyang, Gan Ku, and Qin Yingji.

HUNAN'S MAO ZHIYONG MEETS WITH REPORT GROUP

HK110851 Changsha Hunan Provincial Service in Mandarin 1100 GMT 6 Mar 86

[Text] This morning, leading comrades of the provincial CPC Committee cordially met all members of the provincial Advanced Typical Examples' Report Group, praised them for making outstanding contributions toward the building of the two civilizations, and encouraged them to act well as honorable envoys to disseminate spiritual civilization.

At 0830, leading comrades, including Mao Zhiyong, Xiong Qingquan, Liu Zheng, Liu Fusheng, (Xia Huanzhong), and Shen Ruiting, went to the conference room of the provincial CPC Committee's No 9 Guesthouse, to cordially shake hands with the members of the Advanced Typical Examples' Report Group. The comrades responsible for organizing the report group briefly introduced the situation of every member to the leading comrades of the provincial CPC Committee. After the meeting, the leaders of the provincial CPC Committee had a group photo taken with all members of the Advanced Typical Examples' Report Group.

This afternoon, encouraged by the leaders of the provincial CPC Committee, the Advanced Typical Examples' Report Group was divided into three subgroups, which began making a circuit of all prefectures and cities to give reports.

SICHUAN SUCCEEDS IN CONTROLLING POPULATION GROWTH

HK120217 Chengdu SICHUAN RIBAO in Chinese 21 Feb 86 p 1

[Report by Wen Xuan: "Sichuan Achieves Marked Success in Controlling Population Growth"]

[Text] During the Sixth 5-Year Plan period, Sichuan Province adopted effective measures to control population growth and achieved marked success in this respect. It successfully fulfilled the planned targets for controlling the natural population growth rate and birth rate. By the end of 1985, the total population of this province was about 101.7 million, some 2.75 million less than the planned target in the Sixth 5-Year Plan. In that period, compared with the Fifth 5-Year Plan period, the birth rate of this province (based on the average over 5 years) reduced by 0.162 percent, and the number of babies born reduced by an average of 110,000 a year. The natural population growth rate reduced by 0.103 percent.

In order to effectively control population growth, during the Sixth 5-Year Plan period, while carrying out propaganda work, the province also offered some technical services for family planning. Thus, better results were achieved in contraception and the number of people who had to take remedial measures for unsuccessful family planning also reduced year to year.

SICHUAN RIBAO ON GRASS-ROOTS PARTY RECTIFICATION

HK120825 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 8 Mar 86

[SICHUAN RIBAO commentator's article: "Grass-roots Party Rectification Should be Closely Linked to Implementing Central Document No 1"]

[Text] The gist of the work of the provincial CPC Committee in 1986 points out: It is necessary to closely link grass-roots party rectification to implementing Central Document No 1 of 1986, to make overall arrangements, and to simultaneously do a good job. The most important task of party rectification is to conduct education on the general task of the party and its basic policies in the new period; to unify thinking; to persist in reform; to implement Central Document No 1; to further implement policies; to carry out penetrating reform, and to impel the continuous, steady, and coordinated development of the rural economy. This fully shows that party rectification is, basically speaking, completely consistent with the implementation of Central Document No 1. All party rectification units must organize party members to seriously study Central Document No 1, enhance their conscientiousness for implementing Central Document No 1, and unify their understanding of rural reform. The implementation of Central Document No 1 must run through the whole process of party rectification so as to make it the conscientious action of party members in the rural areas.

Comparison, examination, rectification, and correction must be carried out in accordance with the spirit of Central Document No 1. We must sum up experiences, grasp problems, and formulate measures for reform and for creating a new situation. In accordance with the new situation and new problems emerging in the course of rural reform, we must establish the organization and system at the later stage of party rectification, establish all other regulations and systems and put them on a sound basis, block loopholes, and guarantee the smooth progress of reform. There is a lot of work to do in party rectification and implementing Central Document No 1. All places must make overall arrangements, simultaneously do a good job in party rectification and implementing Central Document No 1 without losing any time, and wrest new victory in rural reform and the invigoration of the economy.

XIZANG DISCIPLINE CIRCULAR ON CADRES' BUSINESSES

HK120605 Lhasa Xizang Regional Service in Mandarin 1130 GMT 7 Mar 86

[Text] According to XIZANG RIBAO in order to further check the unhealthy tendency that party and government organs and cadres engage in commercial activities, the regional Discipline Inspection Commission recently issued a circular urging all prefectural and city CPC committees as well as provincial departments, bureaus, committees, party committees and leading party groups, to seriously implement the spirit of this year's relevant documents issued by the CPC Central Committee and the State Council. They should also promptly educate their workers on the matter.

The circular said: Last year, most units of the region did well in acting in the spirit of the CPC Central Committee and State Council instructions on seriously checking the tendency that party and government organs and cadres engage in commercial activities. Most of the cadres who ran their own businesses have returned to their offices in organs. However, it must be seriously pointed out that there are still some units which continue to neglect the party discipline, and neither do they seriously enforce orders and prohibitions.

In order to implement the CPC Central Committee and State Council regulations and to seriously check the unhealthy tendency, the circular urged all party committees and leading party groups to conduct a serious examination. It set a time limit that by the end of March, the organs and cadres concerned should break their relations with commercial activities, should close their own businesses and should return to their posts in organs. If there is anyone who delays his action without proper reasons or who refused to implement the instructions, the leadership of the unit or department concerned will be held accountable.

XIZANG FEDERATION MARKS INTERNATIONAL WOMEN'S DAY

HK110931 Lhasa Xizang Regional Service in Mandarin 1130 GMT 7 Mar 86

[Text] In the afternoon of 7 March, the regional Women's Federation held a meeting at Lhasa Theatre to mark International Women's Day and to give prizes to those who won the Lhasa quiz contest on knowledge about women and children.

The meeting was attended by Wu Jinghua, secretary of the regional CPC Committee, Dangzin, deputy secretary of the regional CPC Committee; Zhang Shaosong, political commissar of the regional military district; and (Dong Shenmi), political department director of the regional military district.

Dangzin, deputy secretary of the regional CPC Committee, spoke at the meeting. He first affirmed the roles played by the region's women on various fronts. Comrade Dangzin in his conclusion urged that all women of various nationalities, should act seriously in the spirit of the enlarged meeting of the regional CPC Committee Standing Committee, should strive to do well in various tasks, and should judge everything by proceeding from the actual conditions of the region.

At the meeting, Na Zhen, chairman of the regional Women's Federation, delivered a summary report on the region's 1985 work concerning women. She encouraged all women working on various fronts to carry forward the spirit of foolish old man who removed the mountains, to emancipate their minds and to uphold reforms, so as to promote the region's prosperity at an earlier time. At the concluding session, the meeting gave prizes to the winners of the Lhasa quiz contest on knowledge about women and children.

SHANXI'S LI LIGONG SPEAKS TO CADRES IN TRAINING

HK090756 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 3 Mar 86

[Excerpts] In accordance with the resolution of the provincial CPC Committee on selectively dispatching some cadres to rural areas to help work there, more than 500 cadres from provincial organs who are to be sent to rural areas have gathered to begin studying.

Yesterday morning the provincial CPC Committee held a mobilization meeting at Taiyuan. Lu Gongxun, Standing Committee member and Organization Department director of the provincial CPC Committee, presided over the meeting. Li Ligong, secretary of the provincial CPC Committee, delivered a speech at the meeting.

Li Ligong pointed out that dispatching some cadres to rural areas to help work there is a requirement for consolidating and developing the achievements in rural reform, for promoting continuous development of the rural economy, for overcoming bureaucratism, for improving leadership and administrative style for correcting party style in an all-round way, for training and tempering cadres, and for upgrading the professional quality of administrative cadres. He demanded that the cadres have the spirit of blazing new trails and valiantly marching forward, carry forward the fine tradition of working hard and closely linking with the masses, seek no privileges, [words indistinct], be ordinary laborers, be strict with themselves in daily life, and inherit and develop the party's fine traditions and style.

Comrade Li Ligong expressed the hope that the cadres will reap bumper harvests in two areas during the next few years while they are in the rural areas. 1) They must successfully fulfill the task of helping the poor to get rich and achieve new developments in the townships or villages where they are assigned to work, thus reaping a bumper harvest in grass-roots work. 2) They must temper themselves and upgrade their ability, thus reaping a bumper harvest in their political and professional quality.

HEBEI: COMMENTARY ON FALSE ACCUSATIONS

SK110439 Shijiazhuang Hebei Provincial Service in Mandarin 2300 GMT 24 Feb 86

[Station commentary: "Those Who Falsely Accuse Others Should Never Be Tolerated"]

[Text] The fact that a few members of the provincial CYL Committee used an erroneous method, which prevailed during the Great Cultural Revolution period, to indulge in nonorganizational activity, sow dissension, practice fraud, cook up charges, and lodge false accusations against others has seriously violated the principle of seeking truth from facts and violated party discipline, and is an expression of the left-over trend of the Cultural Revolution. It is completely correct and necessary for the provincial CPC Committee to sternly deal with this typical case.

False accusations and nonorganizational activity should be regarded as evil trends because they may weaken the fighting will of cadres, hinder the normal work of party and government organs, and seriously affect stability and unity. In investigating a court case, a little money but a long period of time is needed; and the accused will be discredited even though he wins the lawsuit. This is precisely the ugly soul of the persons who falsely accuse others. Practice shows that whenever the persons lodging false accusations cannot be dealt with, healthy tendencies cannot be promoted and unhealthy ones will certainly prevail. Being overlenient toward those who lodge false accusation means, in fact, to make a concession to evil trends.

Nearly 10 years have passed since the gang of four was smashed, but some persons are still affected by the left-over trend of the Cultural Revolution, and continue to create ideological and organizational confusion to achieve personal ulterior goals by means of lodging false accusations. The persons who falsely accuse others exist not only in the organs of the provincial CYL Committee, but also in other provincial-level organs. Some have printed materials on false accusations as many copies of books, and spread them here and there to whip up opinion. Others have sent anonymous letters, and even usurped others' names to put the blame on somebody else. Still others have hatched a plot and direct it from behind the scenes. These people have not only departed from the party spirit of CPC members, but also from the rudimentary moral character of ordinary people.

False accusations and nonorganizational activity are practices in violation of party discipline and state law. Everybody is entitled to report the mistakes and shortcomings of comrades and leaders to higher and even central authorities. But, in reporting problems to higher authorities, we must seek truth from facts, should not wilfully make overstatements, and still less wantonly trump up charges. When reporting problems to higher authorities, we should be honest rather than harboring selfish ideas and personal considerations. Otherwise, we will be unable to report problems in a correct and objective manner. All upright communist members and leading cadres should never tolerate and yield to those who falsely accuse others. After verifying the truth of the matter, the ugly practices of such persons should be made known to the public. Those whose cases are serious should be punished according to party discipline and state law. By no means should we allow such persons to have successful careers.

NEI MONGGOL CALLS FOR PARTY STYLE IMPROVEMENT

SK110257 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 10 Mar 86

[Text] The regional CPC Committee decided to convene a regional conference to sum up and exchange experiences in rectifying party style around 1 July this year. The key is to sum up and exchange experiences created and accumulated during the past 2 years or so by party organizations at all levels throughout the region in their practicing of improving party style.

In a circular the regional CPC Committee stated: Under the correct leadership of the CPC Central Committee, party organizations at all levels and the masses of party members throughout the region have persistently improved party style, promoted reform, and facilitated the building of the two socialist civilizations, and have scored positive achievements. Through more than 2 years' efforts in party rectification, in particular, they have effected a gradual improvement in the region's party style. We should also note, however, that the results in improving party style are not ideal enough, and many problems in party style remain to be solved. The several unhealthy trends as pointed out in a circular issued by the General Offices of the CPC Central Committee and the State Council last year still exist in our region to varying degrees. We should have a sober understanding of this.

The regional CPC Committee urged: CPC committees of all leagues, cities, banners and counties, and the leading party groups and CPC committees of the departments of the organs directly under the region should regard the preparations for this conference as an important measure for rectifying party style. While conscientiously studying the important speeches of central leading comrades on improving party style, and studying and implementing the series of relevant documents and decisions of the CPC Central Committee and the State Council, and the relevant stipulations of the regional CPC Committee, they should examine, improve, and sum up their own work of rectifying party style.

Each and every party member, in particular every leading cadre of the party, should measure his words and deeds by the party Constitution, the guiding principles for inner-party political life, and a series of policies and regulations on party style. At present he should first of all measure by them what he did in conducting comparison and examination during party rectification to see what he has done and what he has not. He should also find out the reasons for what he has not achieved, and work out plans for improvement. Through such activities, we should conscientiously educate party members on party spirit, party style, and party discipline and, through heart-to-heart talks and other measures, conduct criticism and self-criticism to examine and correct the problems of a general nature existing in our own localities and units in the past. With regard to the cases involving serious law and discipline violations, we should coordinate with pertinent departments to investigate and handle them with intensified efforts.

TIANJIN: NI ZHIFU ATTENDS NPC DEPUTIES' FORUM

SK111530 Tianjin City Service in Mandarin 0030 GMT 11 Mar 86

[Text] After a 4-day session, the forum of the NPC deputies who are currently in Tianjin on an inspection tour concluded on 10 March. Attending the forum to hold discussions with the deputies were Ni Zhifu, secretary of the Tianjin Municipal CPC Committee; Li Ruihuan, mayor of the municipality; Wu Zhen, deputy secretary of the municipal CPC Committee; Nie Bichu, deputy secretary of the municipal CPC Committee and vice mayor of the municipality; and other leading comrades from the municipal CPC Committee, the municipal People's Congress Standing Committee, and the municipal people's government.

The municipal deputies to the Sixth NPC, including Chen Weida and Dai Nianci, made a special trip to the municipality from Beijing Municipality to attend the inspection operation and forum. Zhang Zaiwang, deputy to the NPC and chairman of the municipal People's Congress Standing Committee, presided over the forum.

The forum was held after the inspection methods had been improved and group inspections conducted. At the forum, the responsible persons from the commissions and offices concerned under the municipal people's government made special reports to introduce the major status of affairs in 1985 on various fronts throughout the municipality. The municipal People's Court and the municipal People's Procuratorate presented their written reports on the 1985 work done in dealing blows to economic crimes.

At the forum, participating deputies held warm and earnest discussions on the work done in the fields concerned by bearing in mind the inspection results. They expressed their satisfaction at the marked municipal achievements scored in 1985 in conducting reforms in an overall way. They also put forward many proposals and opinions on further consolidating and developing the excellent situation and dealing with the practical problems closely related to the people's livelihood.

At the forum, Mayor Li Ruihuan, on behalf of the municipal people's government, stated that these proposals and opinions offered by the NPC deputies are reasonable and in conformity with the actual situation, representing the support shown by the deputies to the municipal work. As for the problems that can be solved under the municipal authority, the municipal people's government will clearly examine and study them one by one and will give clear answers to them one by one in order to ensure that every problem is dealt with without fail.

At the forum, participating deputies held special discussions on perfecting the system of conducting frequent inspections joined by the NPC deputies in the municipality.

GAO DI SPEAKS AT JILIN CADRES MEETING

SK091036 Changchun Jilin Provincial Service in Mandarin 2200 GMT 8 Mar 86

[Text] From the afternoon of 7 March to 8 March, the provincial CPC Committee held a meeting attended by party-member responsible cadres of the provincial-level organs. The meeting stressed: The rectification of party style must proceed from the leading organs. Leading cadres of the provincial-level organs should take the lead in rectifying party style, and should strive to fundamentally improve the conduct of the whole party and society and to attain the tasks in provincial industrial and agricultural production.

The meeting was presided over by Comrade Gao Di, secretary of the provincial CPC Committee. It was attended by leading comrades of the provincial Advisory Commission, the provincial People's Congress, the provincial people's government, the provincial CPPCC Committee, and the provincial Discipline Inspection Commission, as well as major responsible comrades of various departments, commissions, offices, and bureaus. The meeting was held mainly in the form of a discussion. In the course of studying, the meeting participants conscientiously discussed how to penetratingly rectify the party style and consolidate the work style of various party and government organs. The participants first of all studied the documents recently issued by the CPC Central Committee and the State Council concerning the rectification of party style and the guidelines of the relevant speeches made by central leading comrades, and relayed and studied the guidelines of the seventh plenary session of the Central Discipline Inspection Commission.

The participants maintained: Over the past month or so, since the provincial CPC Committee held its meeting of responsible cadres of the provincial organs on 16 January, the provincial-level organs have achieved initial results in rectifying their party style and consolidating their work style. Party organizations at all levels have attached importance to the rectification of party style; leading cadres at all levels have taken the lead in rectifying party style and have conscientiously corrected evil trends; and the broad masses of party members and cadres have enhanced their consciousness in observing discipline and law.

The participants pointed out: Although the provincial-level organs have made a good beginning in rectifying party style, the tasks in the future remain arduous, and many problems still exist. Some units have paid insufficient attention to the rectification of party style and have ineffectively investigated and dealt with law violations. Others have failed to thoroughly investigate the problem of engaging in trade and running enterprises. A few units have been weak in conducting ideological and political work, and the fighting capacity of their party organizations has been low.

The meeting studied and arranged for the rectification of party style of the provincial-level organs in 1986. It also called on various departments to conscientiously implement the important instructions given by the central organs and leading comrades concerning the rectification of party style, to strengthen their resolution and sense of political responsibility in rectifying party style, and to adopt resolute measures to investigate and check such unhealthy trends as the abuse of power for personal gain, liberalism in the field of politics, the bureaucratic style of work, and partiality and incorrectness in employment. Various departments should adopt diversified forms to educate party members with ideals and the purpose of the party in order to improve the political and ideological quality of party members and cadres. They should also consolidate discipline and resolutely overcome weakness in work style and laxity in discipline.

At present we should attend to the work in the following aspects:

First, we should conscientiously hold meetings aimed at comparing and examining the activities of various leading party groups and party organizations, hold heart-to-heart talks, and conduct criticism and self-criticism.

We should give priority to solving the malpractices existing in party organizations in order to set an example for the masses.

Second, we should pay attention to investigating and dealing with all law violations, and assign special persons to verify within a set time those law violations which have already been discovered.

Third, we should further investigate and eliminate the situation in which party members and cadres engage in business and run enterprises.

Fourth, we should consolidate party activities and strengthen political and ideological work.

Fifth, in the course of grasping the party style of party and government organs, we should help the localities build spiritual civilization among the local units and help them straighten out their management ideology and correct their unhealthy trends.

Comrade Gao Di delivered a speech at the meeting. He stressed: We should penetratingly study the documents issued by the central organs concerning the rectification of party style and the guidelines in the relevant speeches by the central leading comrades, should further enhance our understanding of the extreme importance and urgency of rectifying the party style, and should be determined to successfully rectify the party style of various provincial-level organs. In rectifying party style, we should mainly check the leading organs and leading cadres against the six unhealthy practices listed in the document of the central organs as well as the problem of housing distribution. All problems should be investigated and corrected individually. In rectifying party style, we should also stress methods. The basic method is to conduct criticism and self-criticism on the basis of studying and enhancing our understanding. We should mainly depend on education instead of conducting criticism indiscriminately. Those major and important cases in serious violation of law and discipline should be dealt with specially.

Gao Di said in conclusion: We should strengthen leadership over the rectification of party style. Top leaders of various departments must personally grasp the party style, and each level should assume responsibility for rectifying its party style. From now on, whenever problems regarding party style and economic affairs crop up in a department, the top leader of the department will be held to account. Comrade Gao Di said: In setting a time limit for rectifying party style, we should not seek simplicity and uniformity. The rectification of party style should not affect economic work, and, in particular, the current spring plowing and production.

LI GUIXIAN AT LIAONING DISCIPLINE CONFERENCE

SK090900 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 7 Mar 86

[Text] The provincial discipline inspection work conference was held in Tieling City on 4 March. Comrade Li Guixian, secretary of the provincial CPC Committee, attended and addressed the conference on 7 March. He pointed out in his speech that this year, the entire party, from the higher levels to the grass roots, should make concerted efforts and be determined to effect a fundamental improvement in party style among various provincial, city, and county organs as well as 500 large and medium-sized enterprises.

He said: The main trend and essence of party style in our province is good; however, there still are such corrosive phenomena [passage indistinct]. Some cadres still lack a sense of responsibility and urgency and lack consciousness in rectifying party style.

Li Guixian said: Rectifying party style and building our party into a strong core of leadership for the cause of socialist modernization are an extremely important political task and unshirkable historical duty facing party organizations at all levels. The whole party, therefore, should make concerted efforts to grasp the party style. In saying that the whole party grasps party style, we mean that the major responsible comrades of CPC committees at all levels should personally grasp party style. Not only should various discipline inspection departments go all out to grasp party style, but also leading comrades of other departments of CPC Committees should attend to grasping it. In particular, those leading comrades who are put in charge of economic and administrative work should resolutely check the evil trends in their own professional departments in line with their work. Leading comrades should draw distinctions in accordance with party policy and resolutely reveal and check all evil trends in order to attain the goal that the whole party makes concerted efforts to grasp party style.

Li Guixian said in his speech: In grasping party style, we must adhere to the principle that first, we must be firm, and second, that our efforts must be enduring. First, we must give play to the exemplary role of the leading organs and cadres, and, proceeding from ourselves and from now, must investigate affairs and handle problems one by one. Second, leaders at all levels should overcome weakness, have the courage to tackle hard and difficult matters, and grasp the party style in an honest and upright way. Everybody is equal before the party and administrative discipline, no matter who he is and how high he ranks. Those leaders who themselves have indulged in unhealthy practices should conduct an investigation of themselves and resolutely mend their ways, and then assume office with a new attitude. Third, we should concentrate on rapidly investigating and dealing with major and appalling cases, severely punishing those who have indulged in embezzlement, stealing, blackmail, speculation, bribe-taking, fraud, and smuggling. Fourth, we should regard the revealing and correction of various evil trends as a breakthrough for achieving success in party rectification, and mobilize the masses inside and outside the party to thoroughly reveal and check unhealthy trends.

YIN KESHENG AT QINGHAI ADVISORY COMMISSION MEETING

HK110253 Xining Qinghai Provincial Service in Mandarin 2330 GMT 10 Mar 86

[Excerpts] The provincial Advisory Commission convened its fifth plenary meeting in Xining on 10 March. Chairman Zhao Haifeng and Vice Chairman Ma Wanli presided. The meeting summed up the commission's work in 1985 and studied and arranged the tasks for 1986.

Zhao Haifeng stressed in a speech: The just-concluded fifth enlarged plenary session of the sixth provincial CPC Committee was an extremely important meeting. Our current primary tasks is to study and implement well the spirit of this session.

Zhao Haifeng said: In the past 7 months and more, the new provincial CPC Committee leadership, which started work last July, has done a great deal of effective work. The facts prove that this new group is a united, strong, effective, and vigorous leadership core. It is fully capable of shouldering the heavy tasks assigned it by the party and people.

Zhao Haifeng said: As the provincial CPC Committee's political general staff and assistants, the Advisory Commission must spontaneously place itself in subordination to the leadership of the provincial CPC Committee, uphold the prestige of the provincial CPC Committee, and resolutely implement its decisions and instructions. The commission must not exceed its functions and meddle; it must not intervene and still less may it interfere in the work of the provincial CPC Committee.

Provincial CPC Committee Secretary Yin Kesheng also spoke at the meeting. He fully affirmed the work of the provincial Advisory Commission. He said: The new provincial CPC Committee leadership group will inherit and carry forward the party's fine traditions, humbly learn from the old comrades, and work still better. We hope the old comrades can put forward more suggestions and criticisms regarding the work of the provincial CPC Committee, and provide more assistance.

SHAANXI SECRETARY WRITES PREFACE TO BOOK

HK090820 Xian Shaanxi Provincial Service in Mandarin 2300 GMT 6 Mar 86

[Excerpt] A book consisting of the 14 lectures on "World Affairs and Contemporary Youth -- Talks on Ideology" which was edited by the "Friends of Youth" program of this radio station will soon be published by Weilai Publishing House and be on sale.

Provincial CPC Committee Secretary Bai Jinian wrote a preface to the book. The preface reads: Conducting education in current affairs is an important part of ideological and political work. Since the 3d Plenary Session of the 11th CPC Central Committee, the party and government have done a lot of arduous and meticulous work and brought about earth-shaking changes. Most people have a correct and clear idea about the current situation.

However, due to our failure to vigorously carry out ideological and political work and to conduct education for the masses on the current situation, tasks, and policies for a period of time, some people now harbor confused ideas about the current situation. We must spend some time properly conducting education in the current situation and let people know the facts, so that they can unify their ideas and deepen their understanding. This is very necessary to consolidating and developing a political situation of stability and unity, and to fulfilling the task of economic construction and reform in 1986 and the whole Seventh 5-Year Plan period.

INFERIOR QUALITY OF PROJECT IN XINJIANG NOTED

HK081010 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 5 Mar 86

[Excerpts] Due to the shoddy work done by the building unit concerned, the quality of the building project of the Baicheng Cement Plant in Aksu Prefecture is inferior. The main frame project has to be completely reinforced, and [words indistinct] has to be demolished and rebuilt. The economic loss involved in the project is estimated at more than 4 million yuan, the most serious case of inferior quality in the region's capital construction history.

The inferior quality of the project has three causes:

1. The building unit harbored an incorrect idea about the project, violated building regulations, paid attention only to speed, and ignored the quality of the project.
2. Eager for quick success and instant benefits, the building unit paid no attention to the quality of the project.
3. The quality inspection team dispatched by the Aksu prefectural authorities to the plant was mindless and failed to perform its duty.

In an interview with a station reporter, a responsible comrade of the regional construction department pointed out that the case of the inferior of the project of the Baicheng Cement Plant in Aksu is a case which is unprecedented on the region's capital construction front.

The responsible comrade suggested that regional authorities instruct the departments concerned form an investigation group to thoroughly investigate and handle the case.

The responsible comrade analyzed the quality of the whole building industry in the region last year. He said that from July to October last year, the region conducted an examination of the quality of building projects. Of the 1,073 building projects examined, 120 were substandard, 63 needed to be reinforced, and 21 needed to be demolished and rebuilt.

The responsible comrade stressed that the current situation of the poor quality of building projects in the region has left us no choice but to be resolved to make strenuous efforts to bring about a complete change.

XINJIANG LEADERS AT WOMEN'S DAY GATHERING

HK090354 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 8 Mar 86

[Excerpts] Nearly 3,000 Urumqi women of various sectors held a grand rally in the people's hall this morning to celebrate Women's Day. Also present were responsible comrades of the party, government, Army, and CPPCC in Xinjiang including Song Hanliang, Wang Enmao, Tomur Dawamat, Janabil, Zhang Sixue, (Xheyumu Bawudong), and Tang Guangcai. Regional CPC Committee Secretary Song Hanliang extended greetings to women throughout the region.

CORRECTION TO QINGHAI ENLARGED PLENARY SESSION

Due to printing error, the item headlined "Qinghai CPC Committee Holds Enlarged Plenary Session" in the 11 March China DAILY REPORT, page T 2, did not appear in full. The omitted passage appears below.

QINGHAI CPC COMMITTEE HOLDS ENLARGED PLENARY SESSION

HK080147 Xining Qinghai Provincial Service in Mandarin 2330 GMT 7 Mar 86

[Excerpts] The fifth enlarged plenary session of the sixth Qinghai Provincial CPC Committee concluded in Xining on 7 March after meeting for 7 days. Guided by the spirit of the National Conference of Party Delegates, in close connection with Qinghai realities, the meeting seriously discussed and unanimously approved the provincial CPC Committee's proposal on drawing up the Seventh 5-Year Plan for national economic and social development in the province. It discussed and studied work in 1986 and the question of stepping up the building of socialist spiritual civilization.

Provincial CPC Committee Deputy Secretary Song Ruixiang gave an explanation on drawing up the province's Seventh 5-Year Plan. Provincial CPC Committee Secretary Yin Kesheng spoke on the province's economic and political situation and the main tasks for this year. Provincial CPC Committee Deputy Secretary Liu Feng delivered a speech entitled: Enhance Understanding, Strengthen Leadership, and Strive To Promote the Building of Socialist Spiritual Civilization. Serious discussions were held on these speeches.

The participants unanimously held that the provincial CPC Committee's proposal accords with the strategic plan for national economic construction. The strategic idea put forward by the provincial CPC Committee on reforming, opening up, eliminating poverty and enriching the people, exploiting resources, and being ready for the switch accords with the actual situation in the province. The tasks and goals contained in the proposal can be attained, so long as hard work is put in.

TA KUNG PAO COMMENTS ON 27TH CPSU CONGRESS

HK130658 Hong Kong TA KUNG PAO in English 13 Mar 86 p 2

["The Past Week" column: "27th CPSU Congress"]

[Text] Thirty years to the day after Nikita Khrushchev denounced Joseph Stalin in a secret speech at the closed session of the 20th Congress of the Communist Party of the Soviet Union, the 27th Congress of the CPSU opened on 25 February 1986 to usher in the Gorbachev era. But more important than the coincidence in the timing of the two congresses, obviously, is Mikhail Gorbachev's declared intention to radically overhaul, if not completely shed, the legacy of the cumbersome state apparatus and stagnant economy left by the man who kicked out Khrushchev 22 years ago -- Leonid Brezhnev. The 18 years during which the latter was at the top of the Soviet leadership is now associated with all the ills of the Soviet economy in much the same way Stalin became associated with mass deportation and imprisonment and personality cult.

Couched predictably but none the less conspicuously in the new party line initiated by Gorbachev, the speeches and the new party constitution adopted at the 27th congress maintained a reconciliatory stance on external affairs while the focus of attention in domestic issues fell sharply on economic reform, managerial expertise, and the country's inefficiency, corruption and sloth. There can be no doubt that by virtue of his realistic approach since taking office as the General Secretary of the CPSU last March, the new man at the helm in the Kremlin has made an indelible imprint on the world's largest and oldest socialist state.

It is clear that there are good reasons for an acute sense of the urgent need to restore Soviet prestige and put the Soviet economy on its feet on the part of Gorbachev and his new men. Seventy years after its founding, the Soviet Union has yet to prove that its brand of socialism is capable of keeping pace with developed capitalist countries. As always, Soviet consumers must still be satisfied with crudely manufactured goods and chronic shortages. Western observers have pointed out that life and material well-being in the Soviet Union sadly pales even in comparison with such middle-ranking capitalist regions as Singapore or Hong Kong.

In his thinly veiled attack on the Brezhnev era, Gorbachev lashed out at the 'lethargic and conservative' Soviet leadership of the 70's. He pointedly mentioned the 9th and 10th five-year plans (1971-1980) which failed to reach any of their targets, as well as the 11th five-year plan (1981-1985) which failed to reach most of its targets.

To remedy the country's ills, the 27th congress endorsed a long-term economic program which envisages tripling the rate of productivity growth and doubling the national income by the year 2000. The more difficult aspect of these targets, which requires an annual growth of 4.7 percent, might be seen from the fact that they also demand a pace of growth twice as fast as that the Soviet economy has been accustomed to in the past decade. Gorbachev, however, maintains that these targets can be accomplished with better use of available resources. During the short time since he assumed the top post, the 55-year-old general secretary has moved with a deft hand to put the right people in positions of authority. A new chairman of the Council of Ministers (premier) was installed, and new faces are at the head of 21 government ministries.

Blistering Toll

Imperative as the sweeping personnel changes may be, the hard test of Gorbachev's reforms seem to lie in challenges yet to be met.

The first of these is capital funds, or by what means the Soviet Government can muster the huge but necessary investments that the injection of new technologies inevitably requires. Relevant to this question is the colossal military spending which had been a hallmark of the Brezhnev era. Indeed, the most impressive achievement of the Soviet Government in recent decades has been its growing nuclear arsenal and astonishing feats in space. A recent Soviet space accomplishment that became the envy of even NASA scientists of the U.S. was the successful joining in space of five separate components of a space laboratory. It is no secret that space projects exact a blistering toll on the financial resources of both superpowers.

In this sense it would seem that Mr Gorbachev's 'developed socialism' hinges to a significant extent on an amicable continuation of the ground-breaking dialogue he started with the U.S. President Mr Ronald Reagan last November. Clearly, keeping the momentum of such contacts alive would be in the interests of both superpowers.

Challenge

The second and more basic challenge is how far Mr Gorbachev and his men are prepared to go in restructuring the Soviet economy. In China's current reform, the Soviet model with its rigid system of central control and planning has been one of the hardest hurdles to overcome, and is regarded as one of the chief factors that generated the discredited practice of eating from the big pot.

It is true that since he assumed the top office, Mr Gorbachev has taken pains to transfer decision-making power from the central to local authorities and to individual enterprises. New forms of giant industrial combines that handle the entire process of design, manufacturing, distribution and marketing have been formed with considerable success in Siberia, and Moscow is also toying with private farms. But beyond these moves it is still hard to say whether more basic changes are under consideration. Indeed, Yegor Ligachev, member of the Political Bureau widely regarded as the CPSU's new theoretician, has warned that economic reforms must take pace 'without shifts towards a market economy or private enterprise', which has led analysts to believe that Mr Gorbachev's reforms are but attempts to fix up the run down Soviet economic machine rather than to thoroughly restructure it. Thus the question at bottom still seems to be the attitude the leadership of a communist country adopts towards the principles and theories propounded by the great German who founded Marxism. Chinese communists have said that not all Karl Marx said or wrote more than a hundred years ago is valid today. This poses a challenge to all reform-minded socialist countries.

ZHU MUZHI'S VISIT TO MANILA CONSIDERED

HK120947 Hong Kong TA KUNG PAO in Chinese 11 Mar 86 p 3

[Special dispatch from Manila by reporter Lai Ching-ping: "Zhu Muzhi on His Visit to the Philippines"]

[Text] Manila, 10 Mar -- At the invitation of the Philippine Government, the Chinese Government delegation led by Zhu Muzhi, minister of culture, arrived in the Philippines on a visit on 4 March. On 7 March, they met with Philippine Vice President and Premier Laurel. On behalf of China and the Philippines, both sides signed the 1986 and 1987 plans for the execution of a cultural agreement between the two countries.

The Chinese Government delegation is the first delegation that has visited the Philippines and been received by Premier Laurel since the establishment of the new Philippine Government. The agreement signed by both sides is also the first that the new government has signed with a foreign government.

It therefore carries unusually great significance. In a press conference at the Manila Hotel this morning, Minister Zhu Muzhi talked on his impressions of the visit to the Philippines. Zhu Muzhi said that it is no accident that the Chinese delegation is the first delegation that has visited the Philippines since the establishment of the new Philippine Government and has co-signed the first agreement that it has concluded with a foreign government. This is a matter that speaks for itself and is an indication of the bright outlook for relations between China and the Philippines.

He said that judging from the cultural history of China and the Philippines, the geographical position of being separated by nothing but a narrow strip of water, and the relationship of the two countries being tied in a hundred and one ways, China and the Philippines face common tasks. This fully shows that a bright outlook for relations between China and the Philippines will appear. This is a matter of course. It is believed that this visit will bring a beautiful period of development in the relations between the two countries. He said that the Chinese people and the Philippine people have had friendly relations for up to 1,000 years. The Chinese Government and people have attached great importance to the development of relations with the Philippines and have expressed joy at the establishment of the new Philippine Government.

After the establishment of the new Philippine Government, Liu Tsung-han, representative of the Taiwan Pacific Economic and Cultural Center stationed in the Philippines, used his influence to obtain an interview with President Corazon [Aquino]. Commenting on this, Minister Zhu Muzhi said: "We have all along stressed the point that there is only one China. The policy of one China constitutes the basis for the establishment of diplomatic relations between the governments of our two countries. We are convinced that the new Philippine Government will proceed from the friendly relations between the two countries and handle this problem in an accurate and outstanding manner."

Coming at last to his impressions of the visit to the Philippines, he said: "The period of our visit has been very short. But very profound impressions have been left on us. We personally feel the desire and fervor on the part of the Philippine Government and people to develop relations between China and the Philippines." He said: "The new Philippine Government has been set up for only 10 days or more with lots of things to do. But it has specially received our delegation. This has left an especially deep impression on us. The second day after our arrival Vice President Laurel met and had cordial talks with us." Zhu Muzhi said: "Another profound impression that this visit has left on us is that though the Philippines witnessed great chaos not long ago, Manila now shows unusual stability. Most of the people we have contacted are full of vim and vigor and very cheerful. Now, the peso has advanced. The stock market has gone up. People are full of confidence. The Philippines is a country long known for its beauty. We hope that the Philippines has a brilliant and glorious future ahead."

TA KUNG PAO EDITORIAL ON OPPOSING PROTECTIONISM

HK121534 Hong Kong TA KUNG PAO in Chinese 10 Mar 86 p 2

[Editorial: "United as One To Oppose Protectionism"]

[Text] The 5-day meeting of representatives of 23 developing textile exporting countries, which was held in Beijing for the purpose of taking coordinated action, ended last weekend. Macleod, Hong Kong's director of trade and its representative to the meeting, who returned from Beijing yesterday, said that the meeting was a success, at which all the participants reached a consensus on preparatory work for the forthcoming negotiations over the "Multi-Fiber Agreement."

The time chosen for the meeting was especially favorable to Hong Kong. Following last year's actual decrease in export business, Hong Kong is now in a new situation of rehabilitation and development, but is simultaneously faced with the threat of new restrictions in the overseas market. The Hong Kong Government's financial secretary, Bremridge, estimated that Hong Kong's exports this year may increase by 7.5 percent, but protectionism everywhere rather disturbs people. Textile products and garments have been Hong Kong's traditional and chief export goods, with the United States as the largest market. Proposed by the U.S. side, the bilateral textile trade talks between Hong Kong and the United States will be advanced to this month. Thus, before the talks, Hong Kong has won powerful support from the substantial achievements of the Beijing meeting, and its position in the talks has been strengthened.

The press communique issued by the Beijing meeting after it concluded points out that despite the fact that some positive trends have appeared in the main economic indices of some importing countries, they are still trying to put pressure by all means on the developing textile exporting countries in multilateral and bilateral contacts and are continuing to adopt a protective or restrictive policy rather than a free policy toward the latter. The participants in the meeting agreed to resist this attempt with common efforts.

The United States is a typical example of those countries which are placing discriminatory restrictions on the developing textile export regions. Since the beginning of this year, there have been some signs of improvement in various economic indices of the United States, particularly the drop in oil prices by a big margin, the reduction in the discount rate, and the weakening of the dollar, which will inevitably stimulate the economic growth of this country. However, right at this moment, the United States threatened to take a more uncompromising attitude in the negotiations over the "Multi-Fiber Agreement" this coming July. It even advanced the bilateral talks with Hong Kong and other areas, attempting to freeze the quantity of textiles to be exported to the United States in the next 3 years at the low level of last year. It will also rescind regulations on flexibly using the quotas and replace them with more rigid regulations. Hong Kong should under no circumstances accept these measures, which will be harmful to its own economy.

In its research report issued last weekend, the U.S. Economic Policy Committee admits that textile imports sharply increased last year, mainly the import of those quote-free items. The fact is that the United States had imported large quantities from the developed countries since about 80 percent of the textile products from the developing countries were restricted. While the developed countries were bargaining with one another on their mutual trade, the gap between the south and the north has been widened. This is really very unfair and unwise.

Hong Kong realizes that it is not at all isolated in the talks with the United States later this month. The first reason is that the United States will not only hold talks with Hong Kong, but will also hold bilateral talks with Taiwan, South Korea, the five ASEAN countries, and China's mainland. Hong Kong should not be breached by the United States so that the latter may destroy all the others one by one. There is no need for reticence about the existence of competition between Hong Kong and other textile exporting areas. However, in the face of the restrictive measures of the United States and other developed countries, the fundamental interests of the textile exporting areas are similar. Many of the participating countries in last week's Beijing meeting are major textile exporting countries in Asia, Africa, and Latin America. They are big markets for various advanced products as well. They have reached an understanding with Hong Kong that if the United States is bent on having its own way and starts a series of new restrictive measures against the developing countries, it will certainly incur resolute retaliation and will only harm itself at the end.

According to the law of economic growth, the developing countries usually have to start with textile products in order to develop exports. However, for many years, textile products have been regarded as "sensitive commodities" and have been excluded from the international free trade system. As a principle, the target of the textile trade should be to abolish all kinds of discriminatory restrictions on the exports of the developing countries and to replace them with the free system of the tariff trade agreement. If the "Multi-Fiber Agreement" cannot be rescinded in reality, it is still necessary to gradually increase the growth rate of textile products and reduce restrictions and to eliminate all kinds of ambiguity. This is the stand the Beijing meeting unanimously reached last week on the forthcoming Geneva negotiations on the "Multi-Fiber Agreement" this summer. By further strengthening their unity and arguing strongly on just grounds, the developing countries and areas are confident that they can defeat protectionism with their new action.

U.S. SEEN 'JUMPING THE GUN' ON TEXTILE TALKS

HK090630 Hong Kong HONG KONG STANDARD in English 9 Mar 86 p 12

[Editorial: "Jumping the Gun on Trade Talks"]

[Text] Hong Kong's bilateral trade agreement with the U.S. doesn't expire until the end of 1987. But the U.S. is jumping the gun by calling for consultative talks with Hong Kong and other East Asian countries (Taiwan and South Korea) as it wants to solve "its textile problems with Asia." Hong Kong has no choice but to agree to this meeting because the agreement gives the U.S. the right to ask for one any time. The meeting is to be held here this month, but its date has yet to be fixed.

The U.S. has said it is concerned with two trade problems: one dealing with the question of surges of textile and apparel imports into the country from Hong Kong, South Korea and Taiwan, and the other with the growing practice of blending cotton, wool and man-made fibres with materials not covered by the Multi-Fibre Arrangement (MFA), and which are not subject to import restrictions. Silk, ramie and jute are commonly blended with other fibres, the U.S. claims, stating that about 10 percent of our apparel, exported to the U.S., is made from these blends. Several of our leading textile and garment manufacturers, who are members of the Textiles Advisory Board which advises the government on trade matters, have bluntly said that Hong Kong "has no surge problem with the U.S.," and they cannot understand why the U.S. is calling the meeting.

And, as for cotton products blended with other fibers, the manufacturers said these exports come under close surveillance and may be brought under restraint if they threaten to damage the U.S. industry, but this is not the case. The U.S. thus, cannot find fault with Hong Kong and accuse it of violating the existing bilateral agreement, they stressed, and we agree. Hong Kong's position at the talks will be known soon, but the government, the official spokesman at the talks, has to meet first with the Textiles Advisory Board to discuss the situation and come up with the right strategy to counter whatever the U.S. may say.

The Director of Trade, Mr Hamish Macleod, a key figure in the coming meeting, returns only today from Beijing where he has been for talks with 23 other developing countries. These talks were aimed at coordinating their position for the forthcoming conference with the U.S. for the new MFA to replace the present MFA, which expires at the end of June. Ironically, China, though a member of the MFA, wants the MFA to be scrapped. This won't happen as most countries, including Hong Kong, believe they will be better off with a new MFA. But it will be up to the U.S. they say, to make the MFA more meaningful or it will be regarded as a mere scrap of paper. And critics are right in saying this, as proven by what has happened before.

Historically, the MFA, the brainchild of the U.S., grew out of the Long-Term Agreement (LTA) to control the import of cotton products into the U.S. and it has been working effectively except when the U.S. is challenged on the issues. This was borne out over the new U.S. Country-of-origin rules against Hong Kong, which took its case to the Textile Surveillance Board [TSB] of GATT (MFA comes under the GATT umbrella). The TSB ruled against the U.S. which claimed that China-made panels used by Hong Kong knit manufacturers for their knit sweaters were China-made goods, and not Hong Kong goods. But the U.S. ignored the TSB ruling and the matter is still pending the hearing of a Hong Kong appeal, we were told.

But not wishing to ruffle the feathers of the American eagle, Hong Kong knit manufacturers wisely decided to spend a fortune in buying the latest automated knit equipment which make these panels; so Hong Kong no longer has a panel row with the U.S. Now the U.S. as already stated, is talking about the surges of textile imports into the country from Hong Kong. Our manufacturers, who must know what they are talking about, say this is "untrue as such a problem doesn't exist." But we need to use the right tactics to win our argument and convince the U.S. that what it is saying doesn't apply to us.

Hong Kong's annual imports of U.S. goods top U.S. \$3 billion and these goods enter Hong Kong free of import duty, upholding our free trade position. We certainly hope that an amicable solution will be found to the textile problems raised by the U.S. But for Hong Kong to fight better against the U.S., it must intensify its lobbying efforts in Washington, a point stressed by the newly-elected president of the American Chamber of Commerce, Mr Ira Kay. And we fully agree with him as this is the kind of language the U.S. understands best.

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